



Good things come to those who *innovate.*  
To those who weather the storm,  
who challenge the norms,  
who stay true to their vision, values and beliefs.

To those who follow their *passion,*  
stick to their commitments and keep  
their heads up high in times of difficulty.

As we continue on our path to growth & success  
we will tackle setbacks and difficulties with the same focus,

*persistence*  
*strength*  
that we believe in.

ANNUAL REPORT | 2 0 1 2 - 2 0 1 3

GRASIM INDUSTRIES LIMITED



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Mr. Aditya Birla

We live by his values.

Integrity, Commitment, Passion, Seamlessness and Speed.



## Dear Shareholders,

### The global scenario

Across the world in 2012, the economy remained a worry. Global GDP fell to 3.2% compared to 4% in 2011. Many of the systemic vulnerabilities continued. Among these were fiscal fragility, hidden and unknown risks of financial derivative instruments and the problems of the weaker Eurozone economies. The increasing instances of political gridlock aggravated the situation.

While these are not totally left behind, there are strong positives. The unwinding of financial leverage, several rounds of liquidity injections, with Japan also joining in augur well for the global economy. Alongside, continuing low interest rates, sharp corrections in commodity and energy prices, and a modest recovery in the US housing market ring in a degree of optimism. Furthermore, the private corporate sector seems on the path to stepping up investment outlays. Thankfully, the worst case outcomes have been averted. The US has not fallen off the fiscal cliff. And, despite the recent financial shocks in Cyprus, the government bond yields have fallen. The global economy has clearly shown a lot of resilience.

The global economy is now moving on to a surer recovery mode. The IMF projects growth at 3.25% in 2013, increasing to 4.0% in 2014. The GDP growth in emerging markets and developing countries is placed at 5.3% in

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**In the face of all these odds, for the Financial Year 2012-13, your Company's consolidated revenues stood at ₹ 27,904 crore (US dollar 5.1 billion) up by 11%, vis-à-vis ₹ 25,245 crore (US dollar 5.3 billion) in the previous year. It attained a net profit of ₹ 2,704 crore (US dollar 0.5 billion), inclusive of ₹ 204 crore (US dollar 38 million) accrued through selling off unrelated investments. Net profit for the earlier year was ₹ 2,647 crore (US dollar 0.6 billion).**

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2013, increasing to 5.7% in 2014. The US GDP is expected to grow 1.9% in 2013, rising sharply to 3.0% in 2014. Europe will remain a laggard, with de-growth at -0.3% this year, and inching to just over 1% in 2014. China's growth will scale back from its recent double digit levels to 7-8%, which is still respectable.

Developments on the global front undeniably dented India's growth level, besides the issues at home.

### **The Indian economy – ongoing resilience**

Slow growth, investor diffidence, the rupee falling to an all time low, power outages and a poor monsoon added to the country's woes. High commodity prices and supply constraints of critical raw material, such as coal and natural gas, further compounded the problem. Unsurprisingly then, India's GDP growth slowed markedly in 2012-13, to 5%, down from 6.2% in the previous year. The manufacturing sector recorded a growth of only 1.9% in 2012-13, down from 2.7% in 2011-12. Export growth in 2012-13 was 5.1%, compared to 15.3% in the previous year.

There are good signs, as we move into the fiscal 2013-14. There have been some positive policy developments in recent months. These include a decline in interest rates and a move towards market-based pricing for diesel and petrol. If this pricing flexibility persists, it could make a considerable dent in the subsidy bill. The expectation of a normal monsoon is a positive, going forward.

In the FY 2013-14, the GDP growth is projected to rise modestly to around 6.0% with much of the improvement likely only in the second half of the year. Industrial activity will continue to be adversely affected by regulatory bottlenecks. The recent decline in commodity prices, particularly of crude oil, and continuing buoyancy of FII inflows will pave the way for greater exchange rate stability, and a moderation of inflation. The RBI projects a 5.5% increase in the wholesale price index in the FY 2013-14, down from 7.3% in the previous year.

These developments affect your Company's growth and performance.

In the face of all these odds, for the Financial Year 2012-13, your Company's consolidated revenues stood at ₹ 27,904 crore (US dollar 5.1 billion) up by 11%, vis-à-vis ₹ 25,245 crore (US dollar 5.3 billion) in the previous year. It attained a net profit of ₹ 2,704 crore (US dollar 0.5 billion), inclusive of ₹ 204 crore (US dollar 38 million) accrued through selling off unrelated investments. Net profit for the earlier year was ₹ 2,647 crore (US dollar 0.6 billion).

### **Terrace Bay acquisition – a strategic move**

The acquisition of the Terrace Bay Mill, in Ontario, Canada, in a JV with one of our Group companies was a major strategic move during the year. The mill is in the process of being converted into a dissolving grade pulp mill. In the Viscose Staple Fibre (VSF) business, we enjoy global leadership. To sustain the ongoing growth, we have an integrated business model, spanning the entire value chain from plantation to pulp to fibre. The Terrace Bay Mill, upon conversion, will be geared to provide superior quality pulp for our VSF plants.

### **Ramping up capacities – 334k tpa to 498k tpa**

Your Company's VSF expansion plans are on course. At Vilayat in Gujarat, the 120k tpa Greenfield plant will go on stream in the current year. Besides bolstering volumes, the plant will augment your Company's presence in specialty fibres, such as modal and micro modal. At Harihar in Karnataka, the 36k tpa Brownfield expansion has been completed, with Phase-II going on stream in May 2013.

Upon commissioning of the ongoing projects, our capacities scale up to 498k tpa.

In the allied Chemicals business, with the commissioning of the 182,500 tpa Vilayat plant, your Company's caustic soda capacity has been enhanced to 440,500 tpa. Furthermore, 51,500 tpa Epoxy plant is being set up at Vilayat, and should be operational in September 2013.

### **Cement**

In the Cement sector, our growth plans are indeed audacious. By 2015, our goal is to scale our cement

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**In the VSF and related Chemical business, your Company's capex stands at ₹ 4,200 crore (US dollars 774 million). This is primarily towards the Greenfield and Brownfield projects at Harihar and Vilayat.**

**In the Cement business, we have provided for a capital outlay of over ₹ 11,400 crore (US dollars 2.1 billion).**

capacity to 64.45 million tpa from the current 53.90 million tpa.

During the year, the projects commissioned include a 3.30 million tpa Clinkerisation plant at Rawan in Chhattisgarh; a 1.55 million tpa grinding unit at Hotgi, Maharashtra, and an increase of 0.60 million tpa in the cement grinding capacity at the Gujarat plant.

The commissioning of these projects has raised your Company's cement capacity by over 2.25 million tpa, taking the total cement capacity to 53.90 million tpa.

Several other projects are underway, such as the 3.30 million tpa clinkerisation plant in Karnataka, slated to go on stream in Quarter-1 of the FY 2013-14. At Aditya Cement Works in Rajasthan, a 2.9 million tpa capacity expansion is on the anvil. It includes the setting up of two grinding units. We expect to flag off the new expansion by March 2015. This expansion entails a capital outlay of ₹ 2,000 crore (US dollars 369 million).

### Capital Outlay

In the VSF and related Chemical business, your Company's capex stands at ₹ 4,200 crore (US dollars 774 million). This is primarily towards the Greenfield and Brownfield projects at Harihar and Vilayat.

In the Cement business, we have provided for a capital outlay of over ₹ 11,400 crore (US dollars 2.1 billion). The capex is earmarked for capacity expansion, captive power plant, waste heat recovery system, ready-mix concrete plants, strengthening of logistic infrastructure and modernisation.

### Outlook

I believe, we will be able to consolidate our leadership position in both the VSF and Cement sectors, backed by our robust capex plans. Their prospects are indeed encouraging in the long term. In the short term, given the prevailing global economic conditions, coupled with surplus capacity in China, the VSF industry will be under pressure.

In the Cement sector, housing, infrastructure and allied spending are the need of the hour. The Government is fully cognizant of issues relating to these sectors. It has allocated US \$ 1 trillion towards bridging the gap. This augurs well for the growth of the sector.

So, on a note of optimism and given your Company's single-minded focus on growth – both top-line and bottom-line, I do believe that we will scale new peaks.

### **To our Teams**

I thank all of our teams. For most of our employees, I can say with certitude that their commitment towards their responsibility to give results has been incredibly overwhelming. They have enriched your Company and determined its course over the years. I am confident that as we move into an even higher growth trajectory, our people will continue to rise to the increasing demands of their work.

### **The Aditya Birla Group in perspective**

Over the last two years, significant changes have impacted the global and domestic business scenario. Given our resilience, our Group has managed to weather the storm. Our consolidated revenues at US 42 billion dollars is marginally above that of the last year.

I believe, that if we have been able to sustain our revenues, it is because of the quality of our 136,000 strong workforce spread over 36 countries and 42 nationalities. The hallmark of our overall leadership development efforts has been our belief in taking "bets on our people". And it has indeed paid off.

Our entrepreneurial DNA also encourages risk taking which includes taking risks with people, of course with safety nets. We believe that people are endowed with immense capability – our task is to spot them, early in their careers and provide them with suitable opportunities to try their hand at and test their skills. Our investment in people processes has enabled us have a robust bench-strength of talent. Our entire focus is on ensuring that we always remain a meritocracy. This pool of talent is developed through a

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**Our in-house learning university 'Gyanodaya' is a globally bench-marked institution. It leverages resources from around the world to meet the development needs of our leadership. Last year, it had 28,000 touch points and partnered with several external institutions and corporations for collaborative learning. More than a 1,000 executives take courses at Gyanodaya each year.**

series of planned exposures, assignments and training opportunities, so that they are prepared to take on leadership roles as and when these emerge.

Let me elucidate these aspects with an overview of our talent management and leadership development processes.

Two new programmes, namely, "Step UP" and "Turning Point" have been launched. These aim primarily to prepare Departmental Heads and Functional Heads for the next stage of their career development as Functional heads and Cost Centre heads respectively. The first pilot batches have already undergone the initial rounds of training. These programmes will be further institutionalised.

Last year, I had alluded to the launch of our *P&L Leaders Development Program*, called – "*The Cutting Edge*". The objective of this programme is to prepare our high-performing functional heads to take on P&L roles. The programme has taken off to a solid start. The first batch of participants has been already absorbed in the global immersion programme across 4 different countries. The second batch of "*The Cutting Edge*" will soon start their programme.

To augment talent on the technical side, we have also been hiring, for the first time, a select set of manufacturing professionals directly at the Group level. The first group has already moved into our businesses.

Our in-house learning university 'Gyanodaya' is a globally bench-marked institution. It leverages resources from around the world to meet the development needs of our leadership. Last year, it had 28,000 touch points and partnered with several external institutions and corporations for collaborative learning. More than a 1,000 executives take courses at Gyanodaya each year.

Furthermore, we have institutionalised global career paths—driven both by the individual and the organisation's needs. To a great extent, this allows an individual to 'take charge of his own career'. We leverage vacancies across the Group and stimulate talent mobility by identifying and moving leaders across geographies and functions and into new roles as part of their career development.



Development for us, today, means providing people opportunities to learn from their work rather than taking them away from their work to learn.

Let me give you some statistics relating to fast tracking of talent. Since April 2011, from our management cadre, comprising of 37,600 colleagues, 15%, i.e. 5,824 have been promoted; 18% i.e. 6,481 have moved roles; and 12%, i.e. 4,543 have moved location.

Additionally, we seek feedback in an institutionalised way and conduct conversations with our people across the Group to gauge their engagement with our Group. We call it 'Vibes'. The Vibes survey is carried out by a global reputed external HR research agency. This year, 94% of our 35,000 Executives participated in the Vibes survey, which is an indication of their engagement with the Group. It was very heartening for me to see that 92% of employees have an overwhelming sense of pride in our Group. More than 80% are engaged employees and, again, over 90% say that they understand the connect between their work and goals of business.

Today, we are reckoned as an Employer of Choice that offers a World of Opportunities for talent.

I take great pride in sharing with you that our Group (Aditya Birla Group) has topped Nielsen's Corporate Image Monitor 2012-13. An extract from their media release would interest you –

*"Aditya Birla Group has emerged as the Number 1 corporate, the 'Best in Class' across all the six pillars of Corporate Image, according to the annual Corporate Image Monitor 2012-13, conducted by Nielsen, a leading global provider of insights and information into what consumers watch and buy. The six pillars of Corporate Image comprise of Product and Service Quality, Vision and Leadership, Workplace Management, Financial Performance, Operating Style and Social Responsibility.*

*Nielsen's Corporate Image Monitor measures the reputation of the 40 leading companies in India across sectors and serves as an important indicator of the strength of the corporate brand".*

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**Our indomitable strength of running low cost, highly efficient and vastly productive operations, through our embedded culture of continuous improvement and innovation, will see us through good times as well as tough times.**

The survey was conducted among policy makers, the financial media, financial analysts, investors, professionals from the corporate sector and the general public across 7 metros. The 40 corporates covered in this survey were selected using *The Economic Times-500* and the *Business Today-500* list of listed companies. Nielsen is a global market research company, headquartered in New York and operating in 60 countries.

#### **In sum**

Let me conclude that we have strong Balance Sheets, robust cash-flows and gearing levels well within reasonable limits. The global presence of our Group and the experience of operating in 36 countries invests us with the strength to acquire assets or grow organically anywhere in the world in different business environments.

And finally, our indomitable strength of running low cost, highly efficient and vastly productive operations, through our embedded culture of continuous improvement and innovation, will see us through good times as well as tough times.

Yours sincerely,



Kumar Mangalam Birla

**BOARD OF DIRECTORS**

Mr. Kumar Mangalam Birla – Chairman  
 Mrs. Rajashree Birla  
 Mr. M.L. Apte  
 Mr. B.V. Bhargava  
 Mr. R.C. Bhargava  
 Mr. Cyril Shroff  
 Dr. Thomas M. Connelly  
 Mr. N. Mohan Raj  
 Mr. Shailendra K. Jain  
 Mr. D.D. Rath  
 Mr. K.K. Maheshwari – Managing Director  
 Mr. Adesh Gupta – Whole -Time Director

**Chief Financial Officer**

Mr. Adesh Gupta

**Company Secretary**

Mr. Ashok Malu

**Statutory Auditors**

M/s. G.P. Kapadia & Co., Mumbai  
 M/s. Deloitte Haskins & Sells, Mumbai

**Branch Auditors**

M/s. Vidyarthi & Sons, Gwalior

**Solicitors**

M/s. Amarchand & Mangaldas & Suresh A. Shroff & Co.

**EXECUTIVES****Fibre & Pulp Business**

Mr. K.K. Maheshwari Business Director  
 Dr. Prakash Maheshwari Chief Operating Officer (India) & Head (Projects)  
 Mr. Vijay Kaul Group Executive President & Advisor  
 Mr. Vinod Tiwari Chief Operating Officer (Pulp Operations)  
 Dr. Aspi Patel Chief Technology Officer  
 Mr. Rajeev Gopal Chief Marketing Officer  
 Dr. Raju Mistry Chief People Officer  
 Mr. S.K. Saboo Advisor

**Cement Business (UltraTech Cement Limited)**

Mr. O.P. Puranmalka Business Director  
 Mr. R.K. Shah Group Executive President & CMO (Mfg. & Projects)  
 Mr. S.N. Jajoo Chief Marketing Officer  
 Mr. K.C. Birla Chief Financial Officer

**Chemical Business**

Mr. Lalit Naik Business Head  
 Mr. K.C. Jhanwar Group Executive President  
 Mr. G.K. Tulsian Executive President

**Textile Business**

Mr. Thomas Varghese Chief Executive Officer  
 Mr. S. Krishnamoorthy President  
 Mr. Man Mohan Singh Unit Head (Grasim Bhiwani Textiles Limited)

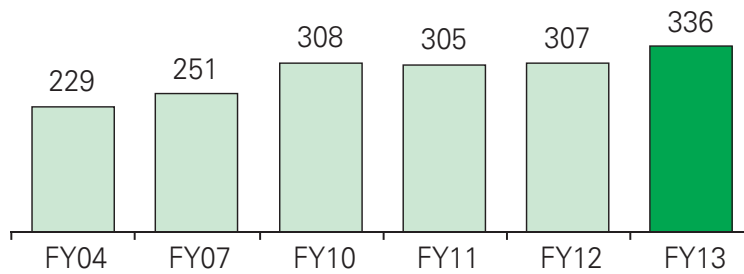
**Corporate Finance Division**

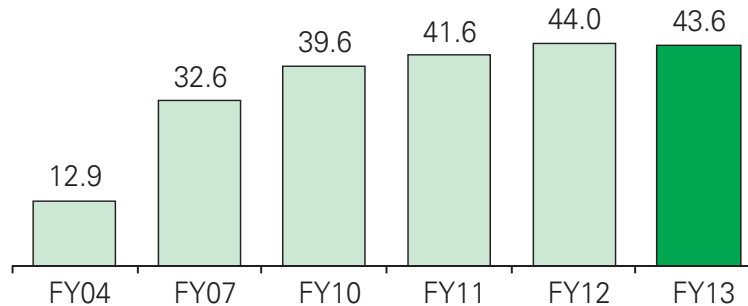
Mr. Pavan K. Jain Executive President  
 Mr. Hemant K. Kadel Executive President

**Contents**

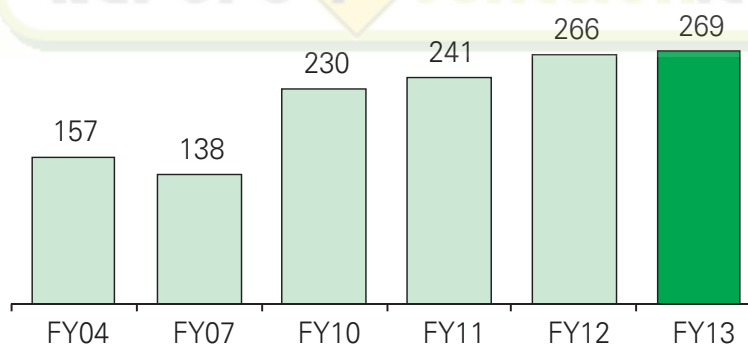
Consolidated Performance .....	10	Balance Sheet .....	72
Financial Highlights .....	12	Statement of Profit and Loss .....	73
Management Discussion and Analysis .....	15	Cash Flow Statement .....	74
Report on Corporate Governance .....	24	Notes forming part of the Financial Statements .....	75
Shareholder Information .....	32	Auditors' Report on Consolidated Financial Statements .....	107
Towards Inclusive Growth .....	40	Consolidated Balance Sheet .....	108
Environment Report .....	43	Consolidated Statement of Profit and Loss .....	109
Directors' Report .....	45	Consolidated Cash Flow Statement .....	110
Business Responsibility Report .....	57	Notes forming part of the Consolidated Financial Statements .....	111
Auditors' Report .....	66		

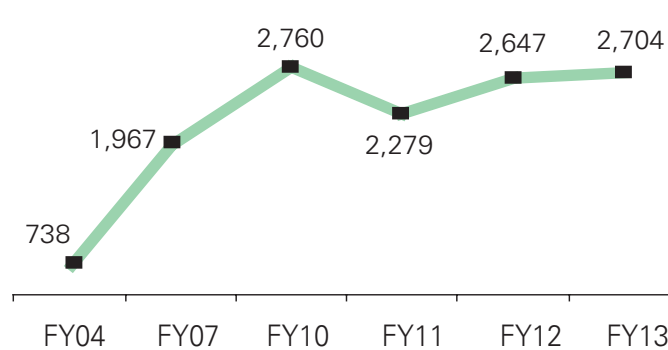
**Registered Office: Birlagram, Nagda 456 331 (M.P.)**  
[www.grasim.com/www.adityabirla.com](http://www.grasim.com/www.adityabirla.com)

**VSF Sales ('000 Tons)**

 CAGR  
4%

**Grey Cement Sales (Mn. Tons)\***

 CAGR  
15%

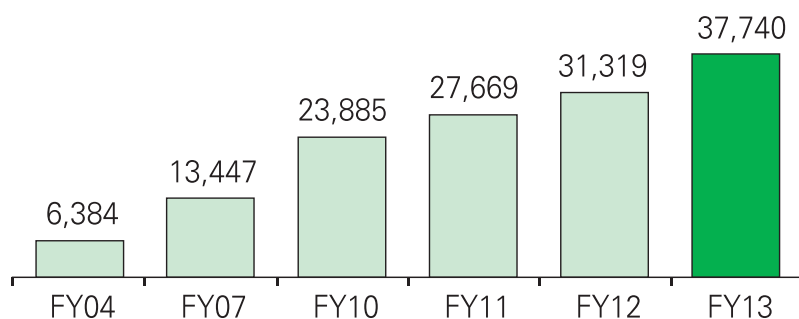
\* Including clinker

**Caustic Soda Sales ('000 Tons)**

 CAGR  
6%

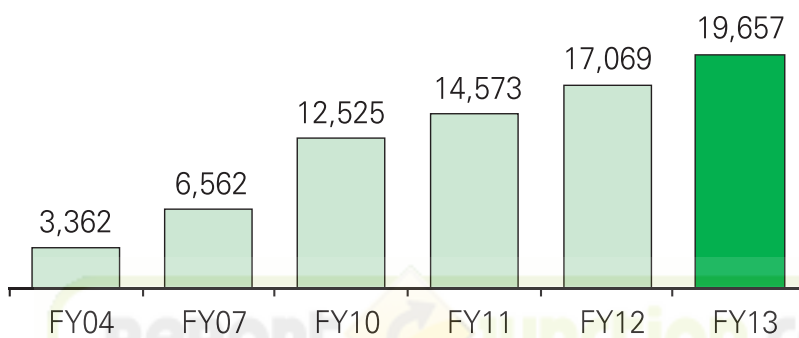
**Net Profit (₹ in Crore)\***

 CAGR  
16%

\* excluding extraordinary items

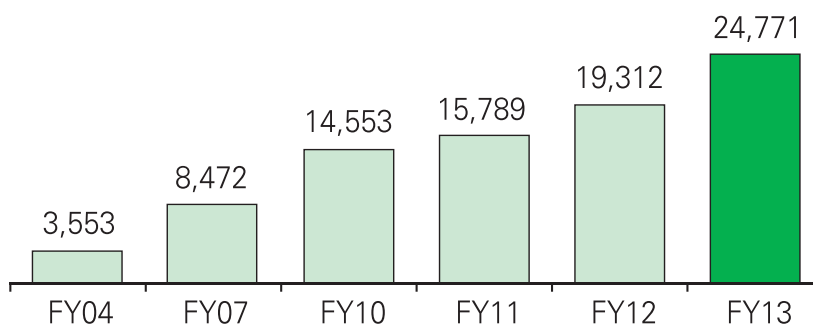
## Capital Employed (₹ in Crore)

CAGR  
22%

## Net Worth (₹ in Crore)

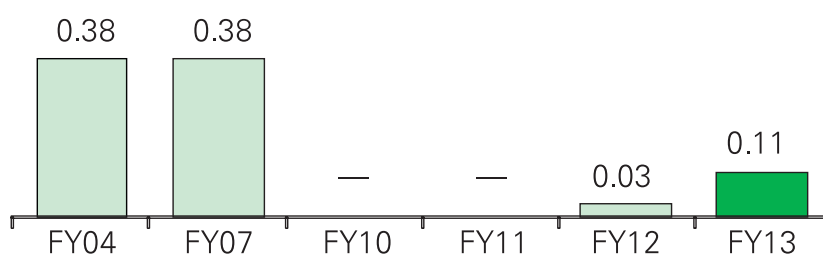
CAGR  
22%

## Net Fixed Assets\* (₹ in Crore)

CAGR  
24%

\* Including Capital WIP and Capital Advances

## Net Debt to Equity (x)





## FINANCIAL HIGHLIGHTS – CONSOLIDATED

Grasim Industries Limited - Annual Report 2012-2013

Year —>	Unit	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
<b>Production</b>											
Grey Cement	Mn. Tons	42.59	42.11	39.67	37.02	32.18	31.22	29.98	28.43	26.13	12.60
Ready-Mix Concrete	Mn. Cu. Mtrs.	5.21	4.84	4.39	3.87	3.85	2.84	1.57	1.07	1.08	0.83
White Cement	Lakh Tons	5.73	5.53	5.41	5.14	4.41	4.08	3.65	3.50	3.15	3.11
Viscose Staple Fibre	Tons	337492	321085	305087	302092	232745	279901	246833	228981	247952	221005
Caustic Soda	Tons	270191	260326	242037	229801	207226	188537	136685	165509	161966	157541
Sponge Iron ^	Tons	—	—	—	77069	420156	562000	525183	505825	780341	687272
<b>Turnover *</b>											
Grey Cement (Incl. Clinker)	Mn. Tons	43.64	43.96	41.56	39.58	34.96	33.58	32.56	30.06	29.24	12.86
Ready-Mix Concrete	Mn. Cu. Mtrs.	5.21	4.84	4.39	3.87	3.85	2.84	1.57	1.07	1.08	0.83
White Cement	Lakh Tons	5.66	5.55	5.47	5.09	4.38	3.96	3.67	3.48	3.11	3.15
Viscose Staple Fibre	Tons	336065	306917	305072	308431	238463	269781	250725	242399	231533	229110
Caustic Soda	Tons	269438	265816	241365	229876	207520	187356	137830	165853	163111	156967
Sponge Iron ^	Tons	—	—	—	75427	423414	557187	571127	478291	772799	676921
^ Sold on 22nd May, 2009											
* Including Captive Consumption											
<b>Profit and Loss Account</b>											
		<b>2012-13</b>									
		<b>(USD</b>									
		<b>Million1)</b>									
<b>Revenue</b>											
<b>from Operations (Net)</b>											
Cement	3921	21319	19232	15941	15475	13512	11792	9940	6938	5652	2549
Viscose Staple Fibre	998	5428	5007	4824	3940	2915	3456	2706	1990	2009	1808
Chemicals	175	951	781	542	493	523	418	319	386	352	295
Sponge Iron	—	—	—	—	111	1008	951	756	635	1021	639
Others	100	544	484	419	351	749	733	598	481	440	348
Inter-segment Elimination	-62	-338	-259	-176	-175	-210	-208	-177	-156	-160	-129
<b>Total Net Revenue</b>	<b>5132</b>	<b>27904</b>	<b>25245</b>	<b>21550</b>	<b>20195</b>	<b>18496</b>	<b>17141</b>	<b>14142</b>	<b>10275</b>	<b>9315</b>	<b>5510</b>
<b>PBIDT</b>											
Cement	896	4872	4283	3345	4706	3686	3747	3175	1459	974	458
Viscose Staple Fibre	166	901	1274	1628	1339	521	1109	754	493	613	572
Chemicals	45	245	161	124	125	155	138	81	125	104	74
Sponge Iron	—	—	—	—	-39	135	160	85	74	390	254
Others/Unallocated/Inter-segment elimination	97	525	603	298	192	282	268	195	186	192	184
<b>Total PBIDT</b>	<b>1203</b>	<b>6543</b>	<b>6321</b>	<b>5395</b>	<b>6322</b>	<b>4779</b>	<b>5422</b>	<b>4290</b>	<b>2337</b>	<b>2272</b>	<b>1543</b>
Interest	60	324	314	407	334	307	222	229	219	284	196
<b>Gross Profit (PBDT)</b>	<b>1144</b>	<b>6219</b>	<b>6007</b>	<b>4988</b>	<b>5988</b>	<b>4472</b>	<b>5200</b>	<b>4061</b>	<b>2118</b>	<b>1988</b>	<b>1347</b>
Depreciation	230	1252	1155	1139	995	865	670	610	563	556	308
<b>Profit before Tax, Exceptional and Extraordinary Items</b>	<b>913</b>	<b>4967</b>	<b>4852</b>	<b>3849</b>	<b>4993</b>	<b>3607</b>	<b>4530</b>	<b>3451</b>	<b>1555</b>	<b>1432</b>	<b>1039</b>
Exceptional Items (EI)	38	204	—	—	—	—	46	—	4	-129	1
<b>Profit before Tax and Extraordinary Items</b>	<b>951</b>	<b>5171</b>	<b>4852</b>	<b>3849</b>	<b>4993</b>	<b>3607</b>	<b>4576</b>	<b>3451</b>	<b>1559</b>	<b>1303</b>	<b>1040</b>
Total Tax Expenses	270	1467	1321	954	1570	992	1466	1092	402	442	302
<b>Net Profit before Extraordinary Items</b>	<b>681</b>	<b>3704</b>	<b>3531</b>	<b>2895</b>	<b>3423</b>	<b>2615</b>	<b>3110</b>	<b>2359</b>	<b>1157</b>	<b>861</b>	<b>738</b>
Extraordinary Items (EO)	—	—	—	—	336	—	236	—	—	—	—
<b>Net Profit before Minority Interest</b>	<b>681</b>	<b>3704</b>	<b>3531</b>	<b>2895</b>	<b>3759</b>	<b>2615</b>	<b>3346</b>	<b>2359</b>	<b>1157</b>	<b>861</b>	<b>738</b>
Less: Minority Interest	197	1074	947	660	714	444	457	392	116	-19	—
Add: Share in Profit/(Loss) of Associate ** #	14	74	63	44	51	16	2	-0.4	—	—	—
<b>Net Profit</b>	<b>497</b>	<b>2704</b>	<b>2647</b>	<b>2279</b>	<b>3096</b>	<b>2187</b>	<b>2891</b>	<b>1967</b>	<b>1041</b>	<b>880</b>	<b>738</b>

\*\*Results of Idea Cellular Limited was consolidated as 'Joint Venture' till 31st December, 2009, and thereafter as an 'Associate'.

# Results of Domsjo consolidated as JV, w.e.f. 1st October, 2012, as against 'Associate' till 30th September, 2012.

Note<sup>1</sup> - 1 USD = INR 54.38

	2012-13		2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	(₹ in Crore) 2003-04
	(USD Million <sup>2</sup> )										
Balance Sheet <sup>3</sup>											
Net Fixed Assets (incl. CWIP and Capital Advances)	4564	24771	19312	15789	14553	14219	12922	8472	6416	6299	3553
Long-Term Loans and Advances (excluding Capital Advances)	84	457	334	202							
Investments (Non-Current and Current)	1476	8011	7876	7933	6676	3550	1661	2272	1352	769	2342
Goodwill	554	3010	2496	2419	2007	2001	1991	1844	1773	1958	122
Current Assets (excluding Current Investments)	1440	7816	6513	5678	4538	4498	4281	3301	2619	2397	1494
	8118	44064	36531	32021	27774	24268	20855	15890	12159	11423	7512
Equity Share Capital	17	92	92	92	92	92	92	92	92	92	92
Share Capital (Other than Equity)	8	43	42	38	36	33	29	6	43	43	42
Reserves and Surplus	3597	19522	16935	14443	12397	11433	9059	6464	4703	3952	3228
Net Worth	3621	19657	17069	14573	12525	11558	9180	6562	4837	4086	3362
Minority Interest	1146	6221	5233	4351	3755	1670	1269	859	514	500	—
Deferred Tax Liabilities (Net)	424	2301	1979	1962	2006	1592	1158	1153	1158	1179	602
Long-Term Liabilities and Provisions	38	205	189	166							
Total Loan Funds <sup>4</sup>	1761	9561	7038	6783	5599	5893	5577	4873	3683	3934	2419
Current Liabilities <sup>4</sup>	1127	6119	5023	4186	3889	3555	3672	2443	1967	1723	1128
	8118	44064	36531	32021	27774	24268	20855	15890	12159	11423	7512
Note <sup>2</sup> - 1 USD = INR 54.28											
Note <sup>3</sup> - Balance Sheet from FY 2010-11 have been published in formats prescribed as per revised Schedule VI of Companies Act, 1956, whereas data for the period upto FY 2009-10 are as per old Schedule VI. For better comparison with earlier years, some figures have been regrouped.											
Note <sup>4</sup> - Short-Term Borrowings and Current Maturities of Long-Term Borrowings have been included in Total Loan Funds excluding the same from Current Liabilities.											
Report Junction.com											
Ratios and Statistics											
PBIDT Margin	(%)	22.9	24.3	24.6	30.9	25.5	31.1	29.8	22.3	23.8	26.9
Net Margin	(%)	9.0	10.5	10.6	13.7	11.8	15.2	13.9	10.1	10.8	13.4
Interest Cover (PBIDT-Current Tax/Total Interest)	(x)	10.9	13.4	10.6	13.9	10.7	13.1	13.3	8.7	6.3	6.4
ROACE (PBIT/Avg. CE)	(%)	15.3	17.5	16.5	23.9	20.7	31.0	31.1	17.8	21.4	20.3
RONW (PAT before EI/EO/Avg. NW)	(%)	13.6	16.7	16.8	22.9	21.1	33.1	34.5	23.2	27.1	24.1
Total Debt Equity Ratio	(x)	0.37	0.32	0.36	0.34	0.45	0.53	0.66	0.69	0.86	0.72
Net Debt to Equity Ratio	(x)	0.11	0.03	—	—	0.28	0.41	0.38	0.48	0.74	0.38
Net Debt to PBIDT Ratio	(x)	0.43	0.11	—	—	0.76	0.78	0.66	1.09	1.49	0.82
Basic Earnings per Share (before EI/EO)	₹/Share	272.3	288.7	248.5	300.9	238.5	284.5	214.6	113.1	110.0	80.4
Book Value per Share	₹/Share	2141	1861	1589	1366	1261	1001	716	528	446	367

## FINANCIAL HIGHLIGHTS – STANDALONE

Grasim Industries Limited - Annual Report 2012-2013

## FINANCIAL HIGHLIGHTS

Year —>	(₹ in Crore)									
	2012-13	2011-12	2010-11	2009-10	2008-09*	2007-08	2006-07	2005-06	2004-05	2003-04
	(USD Million <sup>1</sup> )									
<b>Profit and Loss Account</b>										
Revenue from Operations (Net)	966 5255	4974 4640	8313 10965	10325 8644	6703 6252	5233				
PBIDT	280 1523	1722 1817	2972 2844	3424 2619	1597 1785	1504				
Interest	7 39	36 46	120 139	107 112	103 139	154				
Gross Profit (PBDT)	273 1484	1686 1771	2852 2705	3317 2507	1494 1646	1350				
Depreciation	29 159	144 176	351 457	353 318	292 285	273				
Profit before Tax, Exceptional and Extraordinary Items	244 1324	1542 1595	2501 2248	2964 2189	1202 1361	1077				
Exceptional Items (EI)	38 204	— —	— —	46 37	4 -57	—				
Profit before Tax and Extraordinary Items	281 1529	1542 1595	2501 2248	3010 2226	1206 1304	1077				
Total Tax Expense	56 303	365 413	745 600	962 690	343 418	298				
Net Profit before Extraordinary Items	225 1226	1177 1182	1756 1648	2048 1536	863 886	779				
Extraordinary Items (EO)	— —	— —	336 —	185 —	— —	—				
Net Profit	225 1226	1177 1182	2092 1648	2233 1536	863 886	779				
Equity Dividend (including CTD)	40 216	218 197	309 316	316 287	209 167	145				
<b>Balance Sheet<sup>3</sup></b>	(USD Million <sup>2</sup> )									(₹ in Crore)
Net Fixed Assets (incl. CWIP and Capital Advance)	878 4766	2514 1643	1829 8308	7054 4597	3311 3209	3218				
Long-Term Loans and Advances (excluding Capital Advances)	32 171	126 98								
Investments (Non-Current and Current)	1147 6224	6830 6910	6325 4609	4081 4275	3482 2982	2541				
Current Assets (excluding Current Investments)	348 1891	1566 1356	1164 3098	2986 2342	2027 1854	1496				
	2405 13052	11036 10007	9318 16015	14120 11214	8820 8044	7255				
Share Capital	17 92	92 92	92 92	92 92	92 92	92				
Reserves and Surplus	1848 10030	9007 8042	7053 9386	8049 6138	4890 4237	3519				
Net Worth	1865 10122	9099 8134	7145 9478	8141 6230	4982 4328	3611				
Deferred Tax Liabilities (Net)	63 344	239 230	252 864	607 583	584 599	632				
Long-Term Liabilities and Provisions	10 56	51 47	— —	— —	— —	—				
Total Loan Funds <sup>4</sup>	239 1295	720 814	1038 3395	3202 2951	1980 2008	2065				
Current Liabilities <sup>4</sup>	227 1234	927 782	883 2278	2171 1450	1273 1108	946				
	2405 13052	11036 10007	9318 16015	14120 11214	8820 8044	7255				
<b>Ratios and Statistics</b>										
PBIDT Margin	(%) 26.8	31.7 36.8	34.8 25.4	32.3 29.6	23.2 27.8	27.6				
Net Margin	(%) 19.4	23.7 25.5	21.1 15.0	19.4 17.3	12.8 15.1	14.9				
Interest Cover										
(PBIDT-Current Tax/Total Interest)	(x) 21.3	36.8 30.3	15.5 11.8	14.5 15.7	11.9 9.6	7.9				
Total Debt to Equity Ratio	(x) 0.13	0.08 0.10	0.15 0.36	0.39 0.47	0.40 0.46	0.57				
Net Debt to Equity Ratio <sup>5</sup>	(x) —	— —	— 0.2	0.2 0.2	0.2 0.3	0.3				
Net Debt to PBIDT Ratio <sup>5</sup>	(x) —	— —	— 0.7	0.6 0.5	0.6 0.8	0.6				
Dividend per Share	₹/Share 22.5	22.5 20.0	30.0 30.0	30.0 27.5	20.0 16.0	14.0				
Basic Earnings per Share (before EI/EO)	₹/Share 111.3	128.3 128.9	191.5 179.8	218.3 163.5	93.7 102.9	85.0				
Book Value per Share	₹/Share 1103	992 887	779 1034	888 679	543 472	394				
No. of Equity Shareholders	No. 145595	155904 164548	158702 168801	162411 168671	164847 174831	191770				
No. of Employees	No. 7301	6618 6568	6636 13592	13200 15023	15156 15363	15971				
Note <sup>1</sup> - 1 USD = INR 54.38										
Note <sup>2</sup> - 1 USD = INR 54.28										
Note <sup>3</sup> - Balance sheet from FY 2010-11 have been published in formats prescribed as per revised Schedule VI of Companies Act, 1956, whereas data for the period upto FY 2009-10 are as per old Schedule VI. For better comparison with earlier years, some figures have been regrouped.										
Note <sup>4</sup> - Short-Term Borrowings and Current Maturities of Long Term Borrowings have been included in Total Loan Funds excluding the same from Current Liabilities.										
Note <sup>5</sup> - From FY 2009-10 to FY 2012-13, Liquid Investments are higher than the total debts.										
Note* - Grasim Cement business demerged w.e.f. 1.10.2009 into a subsidiary. Cement Business numbers, thereafter, are included in Consolidated Financials.										

## OVERVIEW

In the Financial Year ending 31st March, 2013 (FY 2012-13), the global economy continued to show a dismal picture amidst a difficult fiscal situation in many of the advanced economies. Though the US economy saw some improvement, Japan and European Union slipped into recession, while growth in China declined. However, fear of collapse in European economy has subsided. Amidst the continued global uncertainty and slowdown, India's GDP growth is estimated to have declined to ~5% in the FY 2012-13, its slowest pace in the last ten years arising out of the sharp slowdown in investment, weakening consumption and declining exports. Inflation remained high, given supply side bottlenecks limiting the scope of monetary easing. The sharp decline of the rupee during the first half of the FY 2012-13 further widened the current account deficit.

Though we have seen a difficult year, the global and domestic economic scenario is expected to improve marginally in the FY 2013-14. Policy actions in the US and EU have lowered the acute crisis risks. Monetary stimulus measures in advanced as well as emerging economies should help support growth. Even in India, the Government announced various policy reform measures during the year. This coupled with the expected reduction in interest rates, should aid the growth momentum going forward.

Overall, weak global and domestic conditions posed challenges for your Company's businesses. Despite volume growth in VSF, prices remained weak due to surplus capacity in China, cotton surpluses and overall slowdown in textile industry. The Cement sector witnessed a slowdown in demand in the second half. On the positive side, weak global energy prices eased cost pressures to an extent in both businesses.

## STRATEGIC INITIATIVES

As a market leader in both VSF and Cement businesses, your Company is implementing a slew of initiatives to strengthen its businesses and provide the impetus to growth.

### Accelerating Growth of VSF Business

Global demand for VSF has been growing at 8% CAGR (CY 07 - CY 11) driven by rising prosperity in emerging economies. To meet the growing demand and retain leadership in the sector, an ambitious expansion plan from 334K TPA to 498K TPA is now nearing completion. While the Brownfield expansion (36K TPA) at Harihar, Karnataka, has been completed with the commissioning of Phase-II (18K TPA) in May 2013, the VSF Greenfield plant at Vilayat, Gujarat (120K TPA), is expected to be commissioned in Quarter 2 of the FY 2013-14. Besides bolstering volumes, it will enable your Company to increase its presence in specialty fibres as the Vilayat plant will also produce new generation modal and micro modal besides dyed fibres.

### Accelerating Growth of Cement Business

At UltraTech Cement Ltd. (UltraTech), a subsidiary of your Company, Brownfield expansions of 9.2 Mn. TPA at its units in Chhattisgarh and Karnataka are nearing completion.

The following major projects have been commissioned during the last quarter of the FY 2012-13:

- |   |                |
|---|----------------|
| — Clinkerisation plant at Rawan, Chhattisgarh           | — 3.30 Mn. TPA |
| — Grinding unit at Hotgi, Maharashtra                   | — 1.55 Mn. TPA |
| — Increase in cement grinding capacity at Gujarat plant | — 0.60 Mn. TPA |
| — Bulk Terminal at Kochi, Kerala                        |                |
| — Wall Care Putty plant at Katni, Madhya Pradesh        |                |

With the commissioning of these projects, the cement capacity of UltraTech has increased from 51.75 Mn. TPA to 53.90 Mn. TPA. The clinkerisation plant of 3.30 Mn. TPA at Malkhed, Karnataka, is expected to go on stream in Q1 of the FY 2013-14. Cement grinding facility of 4.45 Mn. TPA is expected to come on stream in first half of the FY 2013-14.

UltraTech plans to further expand its capacity at Aditya Cement Works in Rajasthan by 2.9 Mn. TPA including the setting up of two grinding units. The expansion envisages a capital outlay of approx. ₹ 2,000 crore. The additional capacity is expected to be commissioned by March 2015.

With the commissioning of the projects currently under implementation and the Aditya Cement expansion, UltraTech's cement capacity will stand augmented to 64.45 Mn. TPA.

#### Acquisition of Assets of Terrace Bay, Canada

Your Company completed acquisition of the assets of Terrace Bay, Canada, a paper grade pulp mill, through A.V. Terrace Bay, a JV with Thai Rayon, a Group company in July 2012, with the objective to meet the increasing pulp requirement of the Company with a plan to ultimately convert into a dissolving grade pulp mill. The operations of the pulp mill (paper grade) were restarted in October 2012, as planned.

#### Revamp of Nagda Plant

To achieve global quality parameters and higher efficiency parameters, your Company is revamping its VSF plant at Nagda for technological upgradation, spread over the next two years.

#### Strengthening of Value Added Products in Chemical Business

To increase the captive use of chlorine, your Company will expand its portfolio of Value Added Products. Towards this end, an Epoxy plant of 51,500 TPA is being set up at Vilayat, which is expected to be commissioned in September 2013. Epoxy is a downstream product of ECH, a chlorine derivative.

### BUSINESS PERFORMANCE REVIEW

#### Viscose Staple Fibre (VSF)

	Unit	FY 2012-13	FY 2011-12	% Change
<b>Standalone Performance</b>				
Installed Capacity	TPA	352,225	333,975	5
Production	Tons	337,492	321,085	5
Sales Volumes	Tons	336,065	306,917	9
Net Divisional Revenue	₹ Crore	4,472.3	4,292.4	4
Average Realisation	₹/Ton	124,408	129,640	(4)
PBIDT	₹ Crore	931.0	1,167.5	(20)
PBIDT Margin	%	20.7	27.0	
<b>Consolidated Performance</b>				
Net Divisional Revenue	₹ Crore	5,428.2	5,007.2	8
PBIDT	₹ Crore	901.1	1,273.5	(29)
PBIDT Margin	%	16.6	25.4	

#### Performance Review

The FY 2012-13 has been an extremely challenging year for the VSF business. The slow recovery of the US economy, continued crisis in the Euro-zone and the slowdown in the Chinese economy, especially low exports of textiles, have put pressure on the overall global economy. These coupled with the steep fall in the prices of cotton and significant surplus VSF capacity in China, has adversely impacted the price of VSF. While the demand for VSF has been robust, the sharp drop in realisation and increase in input costs have impacted the margins significantly. A sharp decline in realisation in international markets was largely offset due to rupee depreciation and, therefore, realisations for the Company reduced by only 4% in comparison to last year.

Production increased by 5% as compared to last year with enhanced capacity at Harihar plant and reduction in the shutdown days at the Nagda plant through better water management. In difficult market conditions, sales volumes rose by 9%, with increased focus on export markets. A sharp depreciation of the rupee and steep increase in Caustic prices led to a substantial increase in input costs. Chemical business, however, benefitted from increase in caustic prices.



Despite better efficiency achieved in Pulp JVs, profitability was impaired due to lower pulp realisation. The performance of the Chinese VSF JV was also not optimal due to adverse market conditions. Initial losses at AV Terrace Bay amounting to ₹ 60.2 crore (Company's share), further affected the consolidated performance in the second half of the financial year.

During the year, an additional water reservoir was constructed at Nagda to create additional water storage capacity to meet water requirement during summers. This will help in ensuring uninterrupted plant operations at Nagda.

Capex plans of ₹ 2,826 crore are under implementation for the expansion projects and the normal capex, of which ₹ 1,670 crore has already been spent.

### Sector Outlook

In the near term, given the deceleration in global economy, the recovery of the textile sector is expected to be slow. The huge cotton reserve created by China and surplus capacities have led to uncertainty in VSF prices. These factors are likely to impact margins in the short term.

In the long term, with limitations for growth of cotton production due to competition with other cash crops, growing population, rising prosperity and increasing consumer awareness about the benefits of cellulosic fibre, VSF is well positioned to achieve a larger share of the global fibre pie.

### Business Outlook

The focus of your Company continues to be on specialty fibres. Your Company plans to add significant capacity for specialty fibre at Vilayat as part of its efforts for market enlargement. The Business has intensified efforts to build a strong R&D set-up, which will enable it to launch new product offerings. Improving the overall operational efficiencies in these challenging times will enable it to protect margins. With additional capacity coming on stream in the first half of the FY 2013-14, your Company is well equipped to further consolidate its leadership position in the industry.

### Chemicals

	Unit	FY 2012-13	FY 2011-12	% Change
<b>Caustic Soda</b>				
— Installed Capacity	TPA	258,000	258,000	
— Production	Tons	270,191	260,326	4
— Sales Volumes	Tons	269,438	265,816	1
Net Divisional Revenue	₹ Crore	951.2	780.6	22
ECU Realisation	₹/Ton	27,257	24,030	13
PBIDT	₹ Crore	244.7	160.8	52
PBIDT Margin	%	25.7	20.5	

### Performance Review

The Chemical business has reported an excellent performance. With plant operations at full capacity, the business achieved record production and sales volume. Caustic realisation remained firm throughout the year in line with global trend as industry capacity utilisation was affected due to low chlorine offtake. As a result, ECU realisation was up by 13%. Operating profit at ₹ 245 crore rose by 52%.

### Sector Outlook

The demand growth momentum for Caustic is expected to be maintained, led by the Aluminium, Paper and Fibre industries. Globally, production of chlorine is slated to improve with recovery in the housing markets, which may result into increased caustic production and, hence, may lead to softening of caustic prices.

## Business Outlook

The 182,500 TPA expansion at Vilayat was commissioned in May 2013. There will be a gradual rampup in capacity, during the first half of the FY 2013-14. Volumes will grow significantly with the new capacity and the favourable demand outlook. The portfolio of Value Added Products is being enhanced continuously with the twin purpose of utilising chlorine and simultaneously adding value.

### UltraTech Cement Ltd. (Cement Subsidiary)

	Unit	FY 2012-13	FY 2011-12	% Change
<b>Grey Cement</b>				
Capacity	Mn. TPA	53.90	51.75	4
Production	Mn. Tons	42.59	42.11	1
Sales Volumes <sup>1</sup>	Mn. Tons			
– Cement		42.75	42.60	
– Clinker		0.89	1.36	(35)
Cement Realisation (Domestic)	₹/Ton	4,253	3,901	9
<b>White Cement</b>				
Capacity	Lac Tons	6.31	5.60	13
Production	Lac Tons	5.73	5.53	3
Sales Volumes <sup>1</sup>	Lac Tons	5.66	5.55	2
Net Revenue	₹ Crore	21,319.1	19,232.4	11
PBIDT <sup>2</sup>	₹ Crore	5,142.9	4,564.7	13
PBIDT Margin	%	23.8	23.3	

<sup>1</sup> Includes captive consumption for Ready-Mix Concrete and value added products.

<sup>2</sup> Includes income of cement subsidiary related to unallocated corporate capital employed.

## Performance Review

As a direct result of slowdown in GDP growth in India, the year was tough for the cement industry. The demand growth in industry has slowed down due to subdued offtake from infrastructure and housing segment. Grey cement sales volume remained flat at the previous year levels.

During the year, prices remained volatile. Although the first half witnessed an improving trend, in the later part of the year prices declined. Domestic cement realisation was up by 9%, linked to improved demand in the first half of the year. The increase in logistic costs, input material and additives prices were passed on. Energy cost at ₹ 989/ton remained flat. Imported coal prices were lower by around 20-25% in USD term; however, the benefit of such reduction was partially negated due to rupee depreciation. Your Company constantly optimise the fuel-mix in kilns and power plants so as to reduce the use of high cost imported coal and maximise the use of low cost fuel, viz., pet coke, alternate fuel, etc. Pet coke consumption in kilns and power plants improved to ~35%. White Cement volume grew by 2% from 5.55 Lac Tons to 5.66 Lac Tons.

UltraTech's turnover crossed the ₹ 20,000 crore mark, up by 11% over the FY 2011-12. PBIDT increased by 13% from ₹ 4,565 crore to ₹ 5,143 crore.

The Competition Commission of India (CCI) had imposed a penalty of ₹ 1,175.49 crore on UltraTech for alleged contravention of the provisions of the Competition Act, along with 9 other cement companies. Based on the legal opinion, UltraTech has been advised that it has a good case and accordingly it has filed an appeal before the Competition Appellant Tribunal.

## Outlook for Cement Business

The growth prospects of the Cement industry are closely linked to the growth of the overall economy in general and the real estate, construction sector and infrastructure in particular. The housing sector consumes nearly two-thirds of the country's total cement and is the most important cement driver. If the present slowdown in organised real estate persists for an extended period, it may impact the growth in consumption of cement.

The government's focus on infrastructure development should boost cement demand. Higher infrastructure spending, robust growth in rural housing and expected decline in interest rates augur well for the cement industry and, therefore, the long-term drivers for cement demand remain intact.

### Textiles – Grasim Bhiwani Textiles Limited (GBTL)

The revenue of GBTL, your Company's textile subsidiary, grew by 10% at ₹ 409 crore, led by higher volumes in domestic retail as well as supply to apparel manufacturers. Realisations in exports benefitted by rupee depreciation. Net profit grew from ₹ 6.2 crore in the previous year to ₹ 9.1 crore.

## FINANCIAL REVIEW AND ANALYSIS

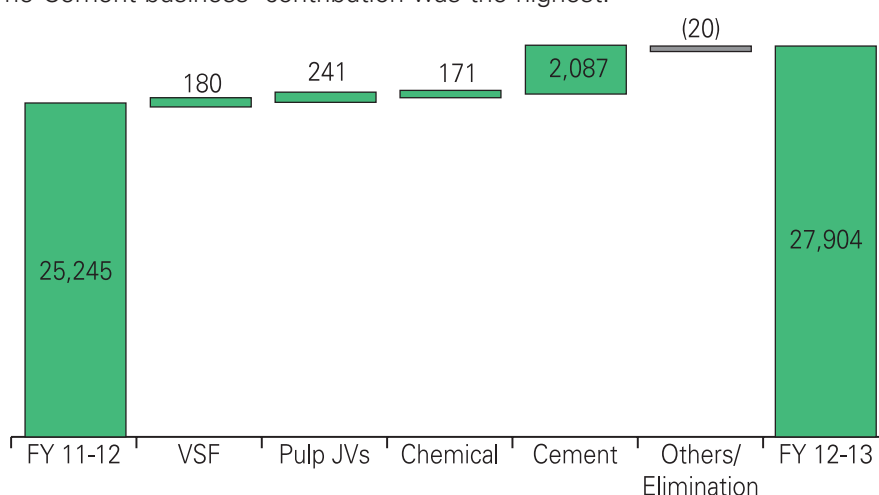
### Consolidated Financial Performance

(₹ in Crore)

	FY 2012-13	FY 2011-12	% Change
<b>Revenue from Operations (Net)</b>	<b>27,904.3</b>	<b>25,244.9</b>	<b>11</b>
Other Income	619.5	741.5	(16)
<b>Profit Before Interest, Depreciation and Tax</b>	<b>6,543.1</b>	<b>6,320.6</b>	<b>4</b>
Interest	324.1	314.0	3
Depreciation	1,252.1	1,154.4	8
<b>Profit Before Tax Expenses (Before Exceptional Item)</b>	<b>4,966.9</b>	<b>4,852.2</b>	<b>2</b>
Exceptional Item	204.4	—	—
<b>Profit Before Tax Expenses (After Exceptional Item)</b>	<b>5,171.4</b>	<b>4,852.2</b>	<b>7</b>
Tax Expenses	1,467.2	1,320.8	11
<b>Profit After Tax</b>	<b>3,704.2</b>	<b>3,531.4</b>	<b>5</b>
Less: Minority Interest	1,073.4	947.1	13
Add: Share in Profit of Associates	73.6	63.2	17
<b>Profit for the Year</b>	<b>2,704.3</b>	<b>2,647.5</b>	<b>2</b>

### Revenue from Operations

The revenue from operations was up by 11% at ₹ 27,904 crore, enabled by higher revenues from all the businesses. The Cement business' contribution was the highest.

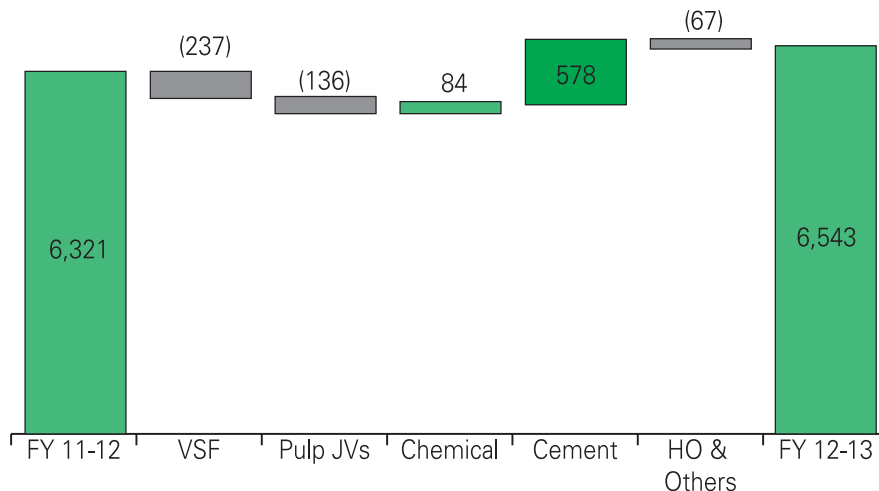


### Other Income

Other income at ₹ 620 crore declined by 16% as the surplus treasury size reduced with ongoing Capex plans.

**Operating Profit (PBIDT)**

PBIDT at ₹ 6,543 crore increased by 4% primarily led by better performance of Cement business.

**Finance Cost**

The finance cost increased marginally from ₹ 314 crore in the previous year to ₹ 324 crore. Finance cost is net of subsidy received in Cement business in terms of State Investment Promotion Scheme amounting to ₹ 66.6 crore and concessional interest rate on loans secured by VSF business under the Scheme of TUF loans. Interest cover (including interest capitalised) is high at 10.6 times.

**Depreciation**

Gross Fixed Assets increased from ₹ 24,546 crore in on 31st March, 2012 to ₹ 28,332 crore on 31st March, 2013, with the commissioning of Harihar Phase-I in VSF business, 25 MW thermal power plant in Awarpur and clinkerisation unit at Rawan in Cement business, besides other normal capex. Consequently, depreciation has increased by 8% to ₹ 1,252 crore.

**Exceptional Item**

In line with the long term strategy of exiting from unrelated investments, your Company sold its entire holding of 15% unquoted equity shares in Alexandria Carbon Black Co. and 2.75% quoted equity shares in Thai Carbon Black Public Company Limited to another Aditya Birla Group Company, at fair price determined by the independent valuer. A gain of ₹ 204 crore has been realised from these transactions.

**Tax Expenses**

Tax expenses were higher by 11%. The Current tax decreased to ₹ 1,287 crore vis-à-vis ₹ 1,314 crore in the previous year. On standalone basis, your Company has made tax payment under the Minimum Alternate Tax (MAT) provision during the year and has accounted for MAT credit amounting to ₹ 64 crore. This will be utilised against the future tax liability. Deferred tax liability increased from ₹ 18 crore in the previous year to ₹ 251 crore in the current year. The increase in tax surcharge from 5% to 10% for the FY 2013-14 resulted in increase in the deferred tax liabilities by ₹ 102 crore.

**Profit for the Year**

The profit for the year increased by 2% from ₹ 2,648 crore to ₹ 2,704 crore.

**Standalone Financial Performance**

(₹ in Crore)

	FY 2012-13	FY 2011-12	% Change
Revenue from Operations (Net)	5,255.0	4,973.6	6
Profit before Interest, Depreciation and Tax	1,522.7	1,721.8	(12)
Profit for the Year (Before Exceptional Item)	1,021.6	1,177.0	(13)
Exceptional Item – Gain on sale of Long Term Investments	204.4	—	—
Profit for the Year (After Exceptional Item)	1,226.0	1,177.0	4

Your Company's revenue increased by 6% on the back of higher volumes in both VSF and Chemical businesses. Its standalone performance was subdued due to lower operating margins in the VSF business. Net Profit was ₹ 1,226 crore as compared to ₹ 1,177 crore in the FY 2011-12.

### CASH FLOW ANALYSIS (Standalone)

(₹ in Crore)

	FY 2012-13
<b>Sources of Cash</b>	
Cash from Operations	911
Net Decrease in Investments	985
Increase in Debts	576
Non-Operating Cash Flow (Dividend and Interest Income)	247
Proceeds from Equity (Issue of Shares under ESOS)	10
	2,729
<b>Uses of Cash</b>	
Capital Expenditure (Net)	2,390
Increase in Working Capital	62
Interest	54
Dividend	218
Increase in Cash and Cash Equivalents	5
	2,729

### Sources of Cash

#### Cash from Operations

The Company generated ₹ 911 crore from operations.

#### Net Decrease in Investments

The sale of equity shares in Alexandria Carbon Black and Thai Carbon Black yielded ₹ 222 crore. Investments of ₹ 925 crore (net) were redeemed in the debt schemes of various mutual funds, bonds and certificate of deposits on maturity.

The Company invested ₹ 99 crore for acquiring a 40% stake in AV Terrace Bay, a joint venture, as mentioned earlier. An additional ₹ 88 crore was invested in the equity of existing joint ventures.

#### Increase in Debts

Long-Term Loans amounting to ₹ 537 crore under TUF scheme were raised to finance VSF projects at Vilayat and Harihar. TUF loan (₹ 45 crore), Foreign Currency loans (₹ 28 crore), and deferred sales tax loans (₹ 16 crore) were repaid. Short term borrowings increased by ₹ 128 crore.

### Uses of Cash

#### Capital Expenditure (Net)

The Company spent ₹ 2,100 crore on the Greenfield VSF, Caustic Soda and Epoxy projects at Vilayat, Gujarat, and the Brownfield expansion of VSF at Harihar. The balance capex was invested in various modernisation and upgradation schemes.

#### Increase in Working Capital

Working capital increased by ₹ 62 crore due to increase in raw material inventory.

#### Dividend

A dividend of ₹ 22.50 per share amounting to ₹ 218 crore was paid for the FY 2011-12.



## RISKS AND CONCERNS

Risk Management is an important aspect in today's business environment. The aim of Risk Management is to identify, monitor and take mitigation measures in respect of the events that may pose risks for the businesses. The Company's Risk Management is embedded in the business processes. Your Company has identified the following risks:

Key Risk	Impact on Grasim	Mitigation Plans
Commodity Price Risk	Risk of price fluctuation on raw materials, energy as well as finished goods	<ul style="list-style-type: none"> <li>– Backward integration in pulp and caustic soda in the VSF business mitigates risk of increase in the prices of raw material</li> <li>– Setting up of captive power plants reduces the effect of rise in energy cost in Cement business</li> <li>– Multi fuel capable kiln/power plants in Cement business helps in optimising fuel mix</li> <li>– Focus on value added products, e.g., speciality fibre in VSF, wall-care putty in white cement, etc., help in lowering the impact of demand/prices fluctuation in finished goods</li> </ul>
Securing Natural Resources	<p>Cement business operations are dependent on continuous availability of quality coal at economical prices</p> <p>Unavailability of limestone may impact Cement business growth plans in long term</p> <p>Acquisition of land for expansion is a key challenge</p>	<ul style="list-style-type: none"> <li>– Entering into long-term contracts, securing coal supplies at competitive prices</li> <li>– Identifying/acquiring captive coal mines</li> <li>– Efforts to increase the use of alternative fuels in cement business</li> <li>– Sufficient limestone reserves available at existing facilities</li> <li>– Continuous look out for securing additional limestone reserves for enhancing the existing plant life as well as future expansion</li> <li>– Company's CSR activities and delivering societal value will stand it in good stead in this regard</li> </ul>
Uncertain Global Economic Environment – slow growth in global economy	Impact of demand for VSF and pressure on realisations	<ul style="list-style-type: none"> <li>– Diversification of sales across geographies</li> <li>– Diversification of product offering by introducing high-end speciality products like Modal and Excel fibre</li> </ul>
Interest Rate Risk	Any increase in interest rate can affect the finance cost	<ul style="list-style-type: none"> <li>– Judicious use of fixed and floating rate debts</li> <li>– Continuous monitoring of interest rate trends</li> <li>– Use of interest rate swaps in case of forex borrowings</li> </ul>
Foreign Exchange Risk	Your Company exports VSF to a number of textile manufacturing countries. Pulp in VSF and coal in Cement constitute major portion of imports. Any volatility in	<ul style="list-style-type: none"> <li>– Hedge long-term and short-term foreign exchange exposure within the defined parameters</li> <li>– The long-term foreign exchange</li> </ul>

Key Risk	Impact on Grasim	Mitigation Plans
	the currency market can impact profitability	liability is fully hedged on held to maturity basis – Differential short-term exposure between exports and imports is suitably hedged
Project Execution Risk	Your Company undertakes large expansion projects to expand its businesses, which are exposed to risk of time and cost overrun. Any delay in project implementation impacts the revenue and profit for the delayed period	– Dedicated project implementation cell to review project execution on a continuous basis
Human Resources Risk	Company's ability to deliver value is dependent on its competence to attract, retain and nurture talent. Attrition and non-availability of the required talent resources can affect the performance of the Company	– Continuously benchmarking of the best HR practices across the industry and carrying out necessary improvements to attract and retain the best talent
Competitor Risk	With no barriers for entry of new players, your Company is always exposed to competition risk. The increase in competition can create pressure on margins, market share, etc.	– Continuous efforts to enhance the brand image of the Company by focusing on R&D, quality, cost, timely delivery and customer service
Compliance Risk — Increasing regulatory requirements	Any default can attract penal provisions	– Regular monitoring and review of changes in regulatory framework – Implementation of Legal Management software

### INTERNAL CONTROL SYSTEM

Your Company's internal control system is commensurate with its scale of operations. Roles and responsibilities are clearly defined and assigned. Standard operating procedures are in place and have been designed to provide a reasonable assurance. Internal audits and checks from time to time ensure that responsibilities are executed effectively. The Audit Committee reviews the adequacy and effectiveness of internal control systems and suggests ways of further strengthening them, from time to time. Apart from having all policies, procedures and internal audit mechanism in place, your Company also periodically engages outside experts to carry out an independent review of the effectiveness of various business processes. The observations and good practices suggested are reviewed by the Management and the Audit Committee and appropriately implemented for strengthening the controls of various business processes.

### CONCLUSION

In the near term, demand growth slowdown in global economy coupled with surplus capacities (for VSF in China and for Cement in India) may impact Company's profitability. However, with continuous cost optimisation initiatives, the Company is well positioned to meet short-term challenges.

Capacity expansions in VSF and capacities under implementation/unutilised in Cement will provide additional volumes, driving growth and further consolidation of the Company's leadership. The Company aims to utilise these capacities at the earliest notwithstanding the present difficult economic conditions. The Company will continue to focus on cost reduction measures and improving asset productivity to maintain its position as the lowest cost producer and expanding specialty products portfolio for sustained shareholder value creation.

### CAUTIONARY STATEMENT

Statement in this "Management Discussion and Analysis" describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities, laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand-supply conditions, finished goods prices, feedstock availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries within which the Company conducts businesses and other factors such as litigation and labour negotiations. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent development, information or events or otherwise.

## Governance Philosophy

Corporate governance refers to a set of laws, regulations and good practices that enable an organisation to perform efficiently and ethically generate long-term wealth and create value for all its stakeholders.

We, at **Grasim Industries Limited**, are committed to the adoption of best governance practices and its adherence in the true spirit, at all times. Our governance practices are self-driven, reflecting the culture of the trusteeship that is deeply ingrained in our value system and reflected in our strategic growth process. Our governance philosophy rests on five basic tenets, viz.,

- Board accountability to the Company and stakeholders,
- Relentless value creation for all stakeholders,
- Strategic guidance and effective monitoring by the Board,
- Equitable treatment to all shareholders and protection of minority interests and rights, and
- Transparency and timely disclosure.

In line with the above philosophy, your Company continuously strives for excellence through adoption of best governance and disclosure practices. In terms of Clause 49 of the Listing Agreement executed with the stock exchanges, the details of compliance for the year ended 31st March, 2013, are as follows:

## Compliance with Corporate Governance Guidelines

### BOARD OF DIRECTORS

#### (A) Composition of Board

Your Company's Board comprises of 12 Directors, having considerable professional experience in their respective fields. Out of them, 6 are Independent Directors, 4 are Non-Executive Directors and 2 are Executive Directors.

The Executive Directors include Managing Director and Whole-time Director.

The composition of the Board is in conformity with the requirements of Clause 49 of the Listing Agreement.

Name of Director	Executive/ Non-Executive/ Independent	No. of Equity Shares held as on 31st March, 2013	No. of Outside Directorships held in Indian Public Ltd. Companies	No. of Outside Committee Positions held in Audit/Investor Grievance Committee		No. of Board Meetings		Attended Last AGM held on 07.09.2012
				Member	Chairman	Held	Attended	
Mr. Kumar Mangalam Birla	Non-Executive	23,915	9	–	–	5	5	No
Mrs. Rajashree Birla	Non-Executive	72,280	6	1	–	5	1	No
Mr. M.L. Apte	Independent	130	7	6	–	5	5	No
Mr. B.V. Bhargava	Independent	357	7	3	4	5	4	Yes
Mr. R.C. Bhargava	Independent	227	8	3	5	5	5	No
Mr. A.K. Dasgupta # (Representing equity interest of LIC)	Independent	100	N.A.	N.A.	N.A.	1	1	No
Mr. N. Mohan Raj # (Representing equity interest of LIC)	Independent	100	1	1	–	4	3	Yes
Dr. Thomas Martin Connelly	Independent	100	–	–	–	5	4	No
Mr. Cyril Shroff	Independent	137	–	–	–	5	2	No
Mr. Shailendra K. Jain	Non-Executive	17,385	4	2	–	5	5	Yes
Mr. D.D. Rathi	Non-Executive	7,550	1	1	–	5	5	Yes
Mr. K.K. Maheshwari	Managing Director	2,997	2	1	1	5	5	Yes
Mr. Adesh Gupta	Whole-time Director	980	9	2	–	5	5	Yes

Mr. Kumar Mangalam Birla and Mrs. Rajashree Birla are related as Son and Mother, respectively. No other Director is related to any other Director on the Board.

# Mr. A.K. Dasgupta resigned as a Director of the Company w.e.f. 21st June, 2012, consequent to the withdrawal of his nomination by LIC. Mr. N. Mohan Raj was appointed as Director of the Company w.e.f. 21st June, 2012, upon his nomination by LIC.

**(B) Role of Board of Directors**

Your Company's Board of Directors play primary role in ensuring good governance, smooth functioning of the Company and in the creation of shareholder value. The Board's role, functions, responsibility and accountability are clearly defined. As Board's primary role is fiduciary in nature, it is responsible for ensuring that the Company runs on sound ethical business practices and that the resources of the Company are utilised in a manner so as to create sustainable growth and value for the Company's shareholders and the other stakeholders and also to fulfil the aspirations of the society and the communities in which it operates. As part of its function, your Board periodically reviews all the relevant information, which is required to be placed before it pursuant to Clause 49 of the Listing Agreement and, in particular, reviews and approves corporate strategies, business plans, annual budgets, projects and capital expenditure. Your Board monitors the Company's overall corporate performance, directs and guides the activities of the Management towards the set goals and seek accountability. Your Board also sets standards of corporate behaviour, ensures transparency in corporate dealings and compliance with the laws and regulations.

Agenda of the Board Meeting and Notes on Agenda are circulated to the Directors as far as possible well in advance of each Board Meeting. At the Board Meeting, elaborate presentations are made to the Board. The Members of the Board discuss each agenda item freely in detail.

Your Board meets at least once in a quarter to review the quarterly financial results and operations of your Company. Apart from the above, additional Board Meetings are convened by giving appropriate notice to address the specific needs and the business requirements of the Company.

During the year under review, the Board met 5 times. The details of Board Meetings held during the FY 2012-13 are as under:

Sl. No.	Date of Board Meeting	City	No. of Directors Present
1.	05.05.2012	Mumbai	10
2.	04.07.2012	Mumbai	8
3.	27.07.2012	Mumbai	12
4.	29.10.2012	Mumbai	10
5.	31.01.2013	Mumbai	10

Your Company also uses video/tele-conferencing facilities to enable participation of your Directors in the Board/Committee Meetings.

**AUDIT COMMITTEE/OTHER COMMITTEES AT BOARD LEVEL****(A) Qualified and Independent Audit Committee**

Your Company has an Audit Committee at the Board level which acts as a link between the management, the statutory and internal auditors and the Board of Directors and oversees the financial reporting process. It interacts with statutory, internal and cost auditors, and reviews and recommends their appointment and remuneration. The Audit Committee is provided with necessary assistance and information so as to enable it to carry out its function effectively.

The scope of the functioning of the Audit Committee is to review, from time to time, the audit and internal control procedures, the accounting policies of the Company, oversight of the Company's financial reporting process so as to ensure that the financial statements are correct, sufficient and credible, and it performs such other functions and role, and exercises the powers

as are recommended from time to time by SEBI, Stock Exchanges and/or under the Companies Act, 1956. Your Audit Committee mandatorily reviews the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions submitted by the management;
3. Management letters/letters of internal control weaknesses, if any, issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses, if any, and implementation of action points arising there from; and the appointment, removal and terms of remuneration of the Chief Internal Auditor;
5. Quarterly and annual financial statements; and
6. Risk assessment and minimisation procedures.

The Audit Committee comprises of the following Directors, all of whom are Independent Directors and are financially literate and having accounting or related financial management expertise:

1. Mr. B.V. Bhargava, Chairman
2. Mr. R.C. Bhargava, Member
3. Mr. M.L. Apte, Member

The Managing Director and the Whole-time Director & CFO are permanent invitees to the Audit Committee Meetings.

The statutory as well as Chief Internal Auditor of the Company are also invited to the Audit Committee Meetings. The representatives of the Cost Auditors are also invited to the Audit Committee Meetings whenever matters relating to the Cost Audit are considered.

Mr. Ashok Malu, Company Secretary, acts as the Secretary to the Audit Committee.

The Chairman of the Audit Committee was present at the Annual General Meeting of the Company held on 7th September, 2012.

#### Meetings of Audit Committee:

During the year under review, the Audit Committee met 7 times to deliberate on various matters. The details of attendance of the Committee members are as follows:

Name of Committee Member	No. of Meetings	
	Held	Attended
Mr. B.V. Bhargava	7	7
Mr. R.C. Bhargava	7	7
Mr. M.L. Apte	7	7

#### (B) Other Committees at the Board Level

##### i) Stakeholders Relationship Committee

The Company has a "Stakeholders' Relationship Committee" at the Board level to look into various issues relating to shareholders/investors including transfer and transmission of shares as well as non-receipt of dividend, Annual Report, shares after transfers and delays in transfer of shares. In addition, the Committee looks into other issues including status of dematerialisation/rematerialisation of shares and debentures as well as systems and procedures followed to track investor complaints and suggest measures for improvement from time to time.

The Committee comprises of the following Directors, viz., Mr. Cyril Shroff, Mr. D.D. Rathi and Mr. Adesh Gupta. Mr. B.V. Bhargava has also been inducted as a member of the Committee w.e.f. 4th May, 2013.



During the year under review, the Committee met twice to deliberate on various matters referred above. Details of attendance by Directors at the Committee meeting are as follows:

Name of Committee Member	No. of Meetings	
	Held	Attended
Mr. Cyril Shroff, Chairman	2	–
Mr. D.D. Rathi	2	2
Mr. Adesh Gupta	2	2

Mr. Ashok Malu, Company Secretary, acts as Secretary to the Committee.

**ii) ESOS Compensation Committee**

The ESOS Compensation Committee comprises of the following Directors, viz., Mr. Kumar Mangalam Birla (Chairman), Mr. M.L. Apte and Mr. Cyril Shroff. The Committee was formed to implement, administer and supervise the Employee Stock Option Scheme – 2006 (the Scheme).

**iii) Finance Committee**

The Company has a Finance Committee to look into various matters, *inter alia*, to approve opening and operation of Bank Accounts, execution of Power of Attorneys, to authorise officers of the Company in the matter of availment of secured and unsecured loans, to approve signing of agreements with the regulatory authorities and to authorise officers of the Company for performing acts required under various laws.

During the year under review, the Committee met 4 times to deliberate on various matters referred above. Details of the attendance of the Committee members are as follows:

Name of Committee Member	No. of Meetings	
	Held	Attended
Mr. B.V. Bhargava, Chairman	4	4
Mr. D.D. Rathi	4	4
Mr. Adesh Gupta	4	4

**iv) Corporate Social Responsibility Committee (CSR Committee)**

Your Company has constituted a CSR Committee at the Board level with - Mrs. Rajashree Birla, Chairperson, Mr. Shailendra K. Jain, Director and Mr. B. V. Bhargava, Independent Director. Dr. (Mrs.) Pragnya Ram, Group Executive President, Corporate Communications and CSR, has been inducted as a permanent invitee.

**REMUNERATION OF NON-EXECUTIVE/EXECUTIVE DIRECTORS**

All decisions relating to the remuneration of the Directors are taken by the Board of Directors of the Company in accordance with the Shareholders' approval, wherever necessary.

Sitting fee is paid to the Non-Executive/Independent Directors for attending Board/Committee Meetings as under:

Board/Board Committee	Sitting Fees per Meeting
Board	₹ 20,000/-
Audit Committee	₹ 10,000/-
Stakeholders' Relationship Committee	₹ 5,000/-
ESOS Compensation Committee	₹ 5,000/-
Finance Committee	₹ 5,000/-

Mr. K.K. Maheshwari and Mr. Adesh Gupta are the Managing Director and the Whole-time Director of the Company, respectively, and as such no sitting fee is payable to them for the meetings attended by them.

In addition to the payment of sitting fees, the Company also pays commission to the Non-Executive Directors of the Company. The amount of the commission payable to the Non-Executive

Directors is determined after assigning weightage to attendance, type and significance of the meetings to the overall functioning of the Company. In the AGM held on 17th September, 2011, the shareholders had approved payment of commission not exceeding 1% per annum of the net profit of the Company to the Non-Executive Directors for a period of five years, commencing from 1st April, 2011, as may be decided by the Board of Directors. As such, each year, the Board fixes the amount to be paid as commission. For the FY 2012-13, the Board has approved the payment of ₹ 11 crore as commission to the Non-Executive Directors.

Details of remuneration paid/to be paid to the Directors for the year under review are as under:

**a. Non-Executive/Independent Directors:**

Name of Director	Commission (₹)	Sitting Fees (for Board and its Committees) (₹)
Mr. Kumar Mangalam Birla	9,70,00,000	1,00,000
Mrs. Rajashree Birla	45,00,000	20,000
Mr. M.L. Apte	18,00,000	1,70,000
Mr. B.V. Bhargava	21,00,000	1,70,000
Mr. R.C. Bhargava	18,00,000	1,70,000
Mr. A.K. Dasgupta*	{ 3,00,000 <sup>\$</sup>	20,000
Mr. N. Mohan Raj#		60,000
Dr. Thomas Martin Connelly Jr.	3,00,000	80,000
Mr. Cyril Shroff	7,00,000	40,000
Mr. Shailendra K. Jain	13,00,000	1,00,000
Mr. D.D. Rathi	2,00,000	1,30,000
<b>Total</b>	<b>11,00,00,000</b>	<b>10,60,000</b>

\* Sitting Fees paid to Mr. A.K. Dasgupta. # Sitting Fees paid to LIC.

<sup>\$</sup> Commission is payable to LIC.

**b. Managing Director/Whole-time Director:**

Managing Director/ Whole-time Director	Relationship with other Directors, if any	Business Relationship with the Company	Remuneration paid during 2012-13		
			Salary, Benefits, Bonus, etc., paid during the Year (₹ in lac)	Performance- linked Incentive paid during the Year for FY 2011-12 (₹ in lac)	Service Contracts, Notice Period, Severance Fee
Mr. K.K. Maheshwari	None	Managing Director	538.44	203.42	Upto 5th March, 2017, Refer Note (b)
Mr. Adesh Gupta	None	Whole-time Director & CFO	228.81	45.62	Upto 2nd October, 2014, Refer Note (b)

**Notes:**

- The Board has approved payment of performance-linked variable pay for the FY 2011-12 as aforesaid to the Managing Director and Whole-time Director on achieving of the targets.
- The appointment of Managing Director and Whole-time Director is subject to termination by three months' notice in writing on either side.
- Details of stock options granted to the Managing Director and the Whole-time Director during the year are set out in Annexure to the Directors' Report.

## DISCLOSURES

### (A) Subsidiary Companies:

Your Company does not have any material non-listed Indian Subsidiary Company. The Audit Committee reviews the financial statements and, in particular, the investments made by the unlisted subsidiary companies. The minutes of the Board meetings as well as statements of all significant transactions of the unlisted subsidiary companies are placed before the Board of Directors of the Company for their review.

### (B) Basis of Related-Party Transactions:

No material transaction has been entered into by the Company with the Promoters, Directors or the Management, their subsidiaries or relatives, etc., that may have a potential conflict with the interest of the Company.

A comprehensive list of related-party transactions as required by the Accounting Standard (AS) 18 issued by the Institute of Chartered Accountants of India, forms part of the Note No. 4.5 of the Financial Statements to the Accounts in the Annual Report. These transactions are not likely to have any conflict with the interests of the Company at large.

Your Company places all the relevant details before the Audit Committee periodically.

### (C) Risk Management

Your Company has a comprehensive risk management policy. Your Company has laid down procedures to inform the Board members about the risk assessment and minimisation procedures. These procedures are periodically reviewed to ensure that the executive management controls the risks through properly defined framework.

The Audit Committee, which has been designated by the Board for the purpose, reviews the adequacy of the risk management framework of the Company, the key risks associated with the businesses of the Company and the measures and steps in place to minimise the same and thereafter the details are presented to and discussed at the Board Meeting. The risk management issues are discussed in the Management Discussion and Analysis Report.

### (D) Proceeds from Public Issues, Rights Issues, Preferential Issues, etc.

During the year under review, the Company has not raised any proceeds from public issue, rights issue or preferential issue.

### (E) Management Discussion and Analysis Report/Disclosure of Accounting Treatment

- i) The Management Discussion and Analysis Report forms part of the Annual Report, and is in accordance with the requirements laid out in the Listing Agreement.
- ii) Your Company follows all relevant Accounting Standards while preparing the Financial Statements.

## REPORT ON CORPORATE GOVERNANCE

This Corporate Governance Report forms part of the Annual Report. The Company is fully compliant with all the provisions of Clause 49 of the Listing Agreement of the Stock Exchanges in India.

## COMPLIANCES

- i) Certificate from the Statutory Auditors, confirming compliance with all the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement of the Stock Exchanges in India, is annexed to the Directors' Report and forms part of the Annual Report.
- ii) No strictures/penalties have been imposed on the Company by the Stock Exchanges or the Securities and Exchange Board of India (SEBI) or any statutory authority on any matters related to capital markets, during the last 3 years.
- iii) Detail of the Directors seeking reappointment has been provided in the notice of A.G.M.

- iv) Details of shareholders' complaints received, number of shares transferred during the year and the time taken for processing these transfers are furnished in the "Shareholder Information" section of this Annual Report.
- v) Status of compliance of Non-mandatory requirement
- The Company maintains a separate office for the Non-Executive Chairman. All necessary infrastructure and assistance are made available to enable him to discharge his responsibilities.
  - The Company does not have a Remuneration Committee. The remuneration of the Directors is decided and approved by the Board of Directors.
  - "Half-Yearly Performance Update" consisting of financial and operational performance for the Half-Year ending on 30th September is being sent to the shareholders since 2000-01 and this practice continued this year as well.
- vi) The Ministry of Corporate Affairs has issued a set of Voluntary Guidelines on 'Corporate Governance' and 'Corporate Social Responsibility'. These guidelines are expected to serve as a benchmark for the Corporate Sector and also help them in achieving the highest standard of corporate governance.
- Most of the provisions of these guidelines are in place. Your Company will strive to adopt the remaining provisions in a phased manner.
- vii) There is a separate section for General Shareholder Information which forms part of Annual Report.
- viii) Name and Designation of Compliance Officer: Mr. Ashok Malu, Company Secretary.

## GENERAL BODY MEETINGS

### Details of Annual General Meetings

During the last 3 years, the Annual General Meetings (AGMs) of your Company were held at the Registered Office of the Company at Birlagram, Nagda 456331, M.P. as under:

Year	Date of AGM	Time
2009-10	20.08.2010	12.30 p.m.
2010-11	17.09.2011	12.30 p.m.
2011-12	07.09.2012	11.30 a.m.

All the resolutions, including the special resolution(s) set out in the respective Notices of the previous 3 AGMs were passed by the Shareholders.

### Postal Ballot

No resolution has been passed in the FY 2012-13 through postal ballot.

## MEANS OF COMMUNICATION

- Copies of the Press Release and Quarterly Presentations on Company's performance made to Institutional Investors/Analysts are hosted on the website of the Company, [www.grasim.com](http://www.grasim.com), and the Group's website, [www.adityabirla.com](http://www.adityabirla.com)

- Quarterly results:

Results are normally published in :

Newspaper	Cities of Publication
Business Standard	All Editions
Business Line	All Editions
The Economic Times	Mumbai
Nai Duniya	Indore

Results are displayed on our websites :

[www.grasim.com](http://www.grasim.com) and [www.adityabirla.com](http://www.adityabirla.com)

## CODE OF CONDUCT

The Board of Directors play an important role in ensuring good governance and has laid down the Code of Conduct ("the Code") applicable to all Board Members and Senior Management of the Company. The Code is also posted on the website of the Company.

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, all the Board Members and Senior Management of the Company have confirmed compliance with the Code of Conduct for the year ended 31st March, 2013.

## CEO/CFO CERTIFICATION

Mr. K.K. Maheshwari, Managing Director and Mr. Adesh Gupta, Whole-time Director & CFO of the Company have certified to the Board that:

- (a) They have reviewed the Financial Statements and the Cash Flow Statement for the year and that to the best of their knowledge and belief:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
  - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) They have indicated to the auditors and the Audit Committee:
  - i) significant changes in internal control over financial reporting during the year;
  - ii) significant changes in accounting policies during the year and that the same have been disclosed in the Notes to the Financial Statements; and
  - iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Grasim Industries Limited

K.K. Maheshwari  
Managing Director

Adesh Gupta  
Whole-time Director & CFO

Place: Mumbai

Date: 4th May, 2013

**1. Annual General Meeting:**

- Date and Time : 17th August, 2013 at 11.30 a.m.
- Venue : Grasim Staff Club  
Registered Office: Birlagram-456 331  
Nagda, Madhya Pradesh, India

**2. Financial Calendar for Reporting:**

- Quarters ending on June 30, 2013; : Within 45 days of the close of the  
September 30, 2013 and December 31, 2013 : respective quarter
- For the year ending March 31, 2014 : Within 60 days of the close of the year
- Annual General Meeting for the year ending : By August/September, 2014  
March 31, 2014

**3. Dates of Book Closure**

- : 2nd August, 2013 to 17th August, 2013  
(both days inclusive)

**4. Dividend Payment Date**

- : On or after 19th August, 2013

**5. Registered Office**

- : Birlagram-456 331, Nagda  
Madhya Pradesh, India  
Tel.: (07366) 246760-246766, 256556  
Fax: (07366) 244114/246024  
**Website** : [www.grasim.com](http://www.grasim.com) / [www.adityabirla.com](http://www.adityabirla.com)

**6 (a) Listing Details:**

- Equity Shares of the Company are listed on : 1. Bombay Stock Exchange Limited  
2. National Stock Exchange of India Limited
- Global Depository Receipts (GDRs) : Societe de la Bourse de Luxembourg  
are listed on

**Note:** All Listing Fees on Shares/GDRs have been paid and no amount is outstanding.

**6 (b) Overseas Depository for GDRs**

- : Citibank N.A.  
Depository Receipt Services  
388, Greenwich Street, 14th Floor  
NEW YORK, NY – 10013  
Tel.: +212 – 723 – 4483; Fax: +212 – 723 – 8023

**6 (c) Domestic Custodian of GDRs**

- : Citibank N.A.  
Trent House, 3rd Floor, G-60, Bandra-Kurla Complex  
Bandra (East), Mumbai-400 051  
Tel.: 91-22-40296118; Fax: 91-22-26532235

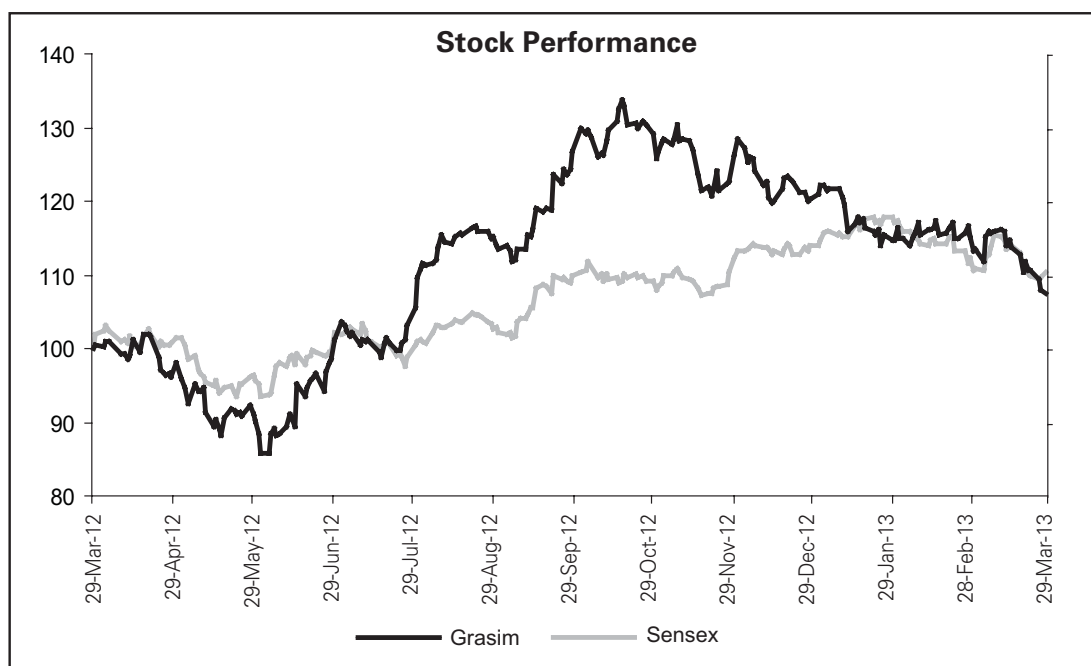
**7. Stock Code:**

	Stock Code	Reuters	Bloomberg
Bombay Stock Exchange	500300	GRAS.BO	GRASIM IN
National Stock Exchange	GRASIM	GRAS.NS	NGRASIM IN
Luxembourg Stock Exchange (GDRs)		GRAS.LU	GRAS LX
ISIN No. of Equity Shares	INE047A01013		
ISIN No. of GDRs	US3887061030 CUSIP No. 388706103		



**8. Stock Price Data:**

	Bombay Stock Exchange			National Stock Exchange			Luxembourg Stock Exchange	
	High	Low	Avg. Vol.	High	Low	Avg. Vol.	High	Low
	(in ₹)		(in Nos.)	(in ₹)		(in Nos.)	(in US\$)	
Apr-12	2,688.00	2,483.00	5,731	2,688.00	2,475.00	54,030	52.1	45.2
May-12	2,595.55	2,273.30	8,935	2,597.00	2,274.10	51,022	47.6	41.5
Jun-12	2,670.00	2,216.00	11,982	2,688.00	2,210.00	69,812	47.6	40.3
Jul-12	2,886.90	2,566.15	8,180	2,885.00	2,571.90	69,539	51.7	46.5
Aug-12	3,073.00	2,831.00	14,163	3,069.50	2,846.00	88,630	55.0	46.8
Sep-12	3,346.60	2,886.00	9,650	3,348.50	2,887.00	70,701	63.3	52.4
Oct-12	3,511.00	3,232.35	9,971	3,510.00	2,844.20	83,659	66.4	58.7
Nov-12	3,413.90	3,140.00	5,789	3,415.20	3,145.00	55,935	62.9	57.2
Dec-12	3,406.75	3,120.05	8,192	3,405.00	3,120.10	73,608	61.3	53.0
Jan-13	3,242.00	2,950.00	7,523	3,229.05	2,942.80	65,067	59.3	55.4
Feb-13	3,100.00	2,929.00	7,560	3,090.00	2,921.00	82,235	57.5	50.5
Mar-13	3,059.00	2,800.00	6,535	3,059.00	2,799.95	90,307	56.1	50.0

**9. Stock Performance:**

**10. Stock Performance and Returns:**

Absolute Returns (In %)

(In Percentage)	1 Year	3 Years*	5 Years*
GRASIM	7.09%	33.97%	46.43%
BSE Sensex	8.23%	7.46%	20.40%
NSE Nifty	7.31%	8.26%	20.02%

Annualised Returns (In %)

(In Percentage)	1 Year	3 Years*	5 Years*
GRASIM	7.09%	10.24%	7.93%
BSE Sensex	8.23%	2.43%	3.78%
NSE Nifty	7.31%	2.68%	3.72%

\* Returns adjusted for issue of shares of Samruddhi Cement Limited against demerger of Cement Business. (Source: Bloomberg)

**11. Registrar and Transfer Agents:**

(For share transfers and other communications relating to share certificates, dividend and change of address)

: In-house Share Transfer  
Registered with SEBI as Category II -  
Share Transfer Agent vide Registration  
No. INR 000003688

**Share Department**

Grasim Industries Limited  
Birlagram-456 331, Nagda  
Madhya Pradesh  
Tel.: (07366) 246760-246766, 256556  
Fax: (07366) 244114/246024  
E-Mail ID for Share Dept.:  
shares@adityabirla.com  
E-Mail ID for Investor Complaints:  
grasimshares@adityabirla.com

**12. Share Transfer System:**

Share transfers in physical form are registered and returned within a period of 15 days from the date of receipt, if the documents are clear in all respects. Officers of the Company have been authorised to approve transfers upto 1000 shares in physical form under one transfer deed. One Director jointly with two Officers have been authorised to approve the transfers exceeding 1000 shares under one transfer deed. The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance as required under Clause 47(c) of the Listing Agreement with the Stock Exchanges.

**13. Investor Services:**

Complaints received during the year ended 31st March, 2013

Nature of Complaints (relating to)	2012-13	
	Received	Attended
Transfer, Transmission, Duplicate share, Change of Address, etc.	7	7
Annual Report	5	5
Dividend, Interest, Redemption, etc.	17	17
Others	9	9
<b>TOTAL</b>	<b>38</b>	<b>38</b>

**14. Distribution of Shareholding as on 31st March, 2013:**

No. of Equity Shares Held	No. of Share-holders	% of Share-holders	No. of Shares Held	% Share-holding
1-100	126,404	86.83	3,526,078	3.84
101-200	9,980	6.85	1,442,187	1.57
201-500	6,123	4.21	1,912,582	2.08
501-1000	1,650	1.13	1,150,358	1.25
1001-5000	965	0.66	1,842,125	2.01
5001-10000	123	0.08	885,947	0.97
10001 and above	350	0.24	81,017,256	88.28
<b>Total</b>	<b>145,595</b>	<b>100.00</b>	<b>91,776,533</b>	<b>100.00</b>

**15. Categories of Shareholding as on 31st March, 2013:**

Category	No. of Share-holders	% of Share-holders	No. of Shares Held	% Shareholding
Promoters and Promoter Group	24	0.02	23,428,918	25.53
UTI and Mutual Funds	232	0.16	7,126,434	7.76
Banks, Financial Institutions and Insurance Companies	104	0.07	6,961,459	7.59
FII's	292	0.20	21,431,008	23.35
GDRs*	1	0.00	12,997,155	14.16
NRIs/OCBs	4,534	3.11	3,292,069	3.59
Other Corporates	1,602	1.10	7,007,099	7.63
Individuals	138,806	95.34	9,532,391	10.39
<b>Total</b>	<b>145,595</b>	<b>100.00</b>	<b>91,776,533</b>	<b>100.00</b>

\*Includes 4,802,304 GDRs held by Promoters/Promoter Group.

**16. Dematerialisation of Shares and Liquidity:**

94.58% of outstanding Equity (including 14.16% of capital in the form of Global Depository Receipts) has been dematerialised as on 31st March, 2013.

• National Securities Depository Ltd. (NSDL)	:	90.82%
• Central Depository Services (India) Ltd. (CDSL)	:	3.76%
Total		<u>94.58%</u>

**17. Details on use of public funds obtained in the last three years** : No public funds have been obtained in the last three years.**18. Outstanding GDRs/Warrants and Convertible Bonds** : 12,997,155 GDRs (Previous Year 10,536,733) are outstanding as on 31st March, 2013. Each GDR represents one underlying equity share. There are no warrants/convertible bonds outstanding as at the year end.

**19. Plant Locations:****Fibre and Pulp Plants**

Name	Address	Phone Nos.	Fax Nos.
<b>Staple Fibre Division</b>	Birlagram-456 331 Nagda, Madhya Pradesh	Tel.: (07366) 246760/246766	Fax: (07366) 244114/246024
<b>Harihar Polyfibers and Grasilene Division</b>	Harihar, Dist. Haveri Kumarapatnam-581 123 Karnataka	Tel.: (08373) 242171-75	Fax: (08373) 242875 (08192) 247555
<b>Birla Cellulosic</b>	Birladham, Kharach Kosamba-394 120 Dist. Bharuch, Gujarat	Tel.: (02646) 270001-5	Fax: (02646) 270010, 270310
<b>Grasim Cellulosic Division</b>	Plot No.1, GIDC Vilayat Industrial Estate P.O. Vilayat, Taluka: Vagra District: Bharuch-392 012 Gujarat	Tel.: (2642) 291214	—

**Chemical Plants**

<b>Grasim Chemical Division</b>	Birlagram-456 331 Nagda, Madhya Pradesh	Tel.: (07366) 246760-246766	Fax: (07366) 246176/245845/ 246097
<b>Grasim Chemical Division</b>	Plot No.1, GIDC Vilayat Industrial Estate P.O. Vilayat, Taluka: Vagra District: Bharuch-392 012 Gujarat	Tel.: 08347008059	—

**Textile Plant**

<b>Vikram Woollens</b>	GH I to IV, Ghironghi Malanpur-477 117 Dist. Bhind Madhya Pradesh	Tel.: (07539) 283602, 283603	Fax: (07539) 283339
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**20. Investor Correspondence:****For Secretarial Matters and  
Investor Grievances**

**: Share Department**  
**Grasim Industries Limited**  
Registered Office: Birlagram-456 331, Nagda (M.P.)  
Tel.: (07366) 246760-246766, 256556  
Fax: (07366) 244114/246024  
E-Mail ID for -  
Share Department: [shares@adityabirla.com](mailto:shares@adityabirla.com)  
Investor Complaints: [grasimshares@adityabirla.com](mailto:grasimshares@adityabirla.com)

**Other than Secretarial Matters :** **Grasim Industries Limited**  
**Corporate Finance Division**  
A2, Aditya Birla Centre  
S.K. Ahire Marg, Worli  
Mumbai-400 030  
Tel.: (022) 66525000, Fax : 022 66525114; 022 24995114  
E-Mail ID: [grasimcfd@adityabirla.com](mailto:grasimcfd@adityabirla.com)

## 21. OTHER USEFUL INFORMATION FOR SHAREHOLDERS

### PROCESS FOR IMPORTANT INVESTOR SERVICES

#### Share Transfer/Dematerialisation

Share transfer request for physical shares is acted upon within 15 days from the date of their receipt at the Share Department. In case no response is received from the Company within 30 days of lodgement of transfer request, the lodger should immediately write to the Share Department of the Company with full details so that necessary action could be taken to safeguard interest of the concerned against any possible loss/interception during postal transit.

Dematerialisation requests, duly completed, in all respects are normally processed within 7 days from the date of receipt at the Share Department of the Company.

Shareholders are requested to note that if physical documents, viz., Demat Request Form (DRF), Share Certificates, etc., are not received from their concerned DPs by the Company within a period of 15 days from the date of generation of the DRN for dematerialisation, the DRN will be treated as rejected/cancelled. This step is being taken on the advice of National Securities Depository Limited (NSDL), so that no demat request remains pending beyond a period of 21 days.

#### Permanent Account Number (PAN)

Members, who hold shares in physical form, are advised that SEBI has made it mandatory that a self-attested copy of the PAN card of the transferee(s), members, surviving joint holders/legal heirs be furnished to the Company while making request for transfer, deletion of name of deceased joint holder, transposition of names and transmission of shares, as the case may be.

#### Nomination Facility for Shareholding

Section 109A of the Companies Act, 1956, extends nomination facility to individuals holding shares in physical form. Shareholders, in particular, those holding shares in single name, may avail the above facility by furnishing the particulars of their nominations in the prescribed Nomination Form, which can be downloaded from the website of the Company or obtained from the Share Department of the Company by sending written request through any mode including e-mail on "shares@adityabirla.com".

#### Change of Address and Furnishing of Bank Details

Shareholders, holding shares in physical form, should notify to the Company, change in their address with Pin Code number and Bank Account details by written request under the signatures of sole/first joint holder.

Beneficial Owners of shares in demat form should send their instructions regarding change of address, bank details, nomination, power of attorney, change in e-mail address, etc., directly to their DP as the said records are maintained by the DPs.

To prevent fraudulent encashment of dividend warrants, please provide your Bank Account details to the Company (if shares are held in physical form) or to your DP (if shares are held in demat form), for printing of the same on the dividend warrants.

#### Registering of E-mail Address

Request you to please provide your e-mail address for availing the facility of e-communication, so as to enable us to serve you fast.

#### Loss of Shares

In case of loss/misplacement of shares, investors should immediately lodge a FIR/Complaint with the police and inform to the Company along with original or certified copy of the FIR/Acknowledged copy of Police Complaint along with a self-attested copy of PAN card.

#### Correspondence with the Company

Shareholders/Beneficial Owners are requested to quote their Folio No./DP and Client ID Nos., in all correspondence with the Company.

All correspondence regarding physical shares should be addressed to the Share Department of the Company at its Registered Office at Birlagram-456 331, Nagda (M.P.), and not to any other office(s) of the Company including the Corporate Finance Division.

Shareholders can send such correspondence, which do not require signature verification for processing, through E-mail on [shares@adityabirla.com](mailto:shares@adityabirla.com)

### Non-Resident Shareholders

Non-Resident Shareholders are requested to immediately notify the following to the Company in respect of shares held in physical form and to their DPs in respect of shares held in dematerialised form:

- Indian address for sending all communications, if not provided so far;
- Change in their residential status on return to India for permanent settlement;
- Particulars of the Bank Account maintained with a bank in India, if not furnished earlier; and
- RBI Permission number with date to facilitate prompt credit of dividend in their Bank Accounts.

### Unclaimed Dividends

Unclaimed equity dividends upto the Financial Year 1994-95 have been transferred to the General Revenue Account of the Central Government. Shareholders, who have so far not encashed their dividend warrant(s) for the said period, may claim the same from the Registrar of Companies – Madhya Pradesh, Sanjay Complex, 3rd Floor, 'A' Block, Jayendraganj, Gwalior-474 009 (M.P.) by submitting an application in Form II of the Companies Unpaid (Transfer to General Reserve Account of the Central Government) Rules, 1978.

Unclaimed equity dividend for the financial years 1995-96 to 2004-2005 have been transferred to the Investor Education and Protection Fund (IEPF) constituted by the Central Government. No claim by the Shareholders shall lie against IEPF in respect of the said unclaimed amount.

Your Company will transfer the unclaimed dividend for the financial year 2005-2006 to IEPF in September, 2013. Shareholders, who have not claimed the dividend for aforesaid period, are the requested to lodge their claim with the Company by 10th August, 2013.

### Payment of Dividend through Electronic Mode

SEBI, by its recent Circular dated 21st March, 2013, has advised usage of approved electronic mode, viz., ECS (Electronic Clearing Services), NECS (National Electronic Clearing Services) and other modes of electronic fund transfer for distribution of dividend to the shareholders.

**Shareholders, who have still not provided their Bank details for receiving dividend in electronic mode, are requested to please provide the following bank details by a letter signed by the sole/first joint holder along with a cancelled copy of your cheque leaf –**

- ✓ Name of the Bank with its Branch and complete Address
- ✓ Bank Account Number (SB/CC/Current)
- ✓ 9-digit MICR Code (Magnetic Ink Character Recognition) appearing on the MICR cheque issued by your bank to you
  - to your Depository Participant (DP) in case you are holding shares in dematerialised form quoting reference of your DP and Client ID
  - to the Share Department of the Company, in case you are holding shares in physical mode quoting reference of your Ledger Folio No.

so that going forward your Company can pay you all future dividends in electronic mode through NECS/ECS.

In case you have already registered your bank details and you wish to change the NECS/ECS mandate then please write to your DP for shares held in demat form or to the Share Department of the Company for shares held in physical form by informing your revised bank details.

**Kindly note that there are a number of benefits of payment of dividend in electronic mode viz.,**

- Prompt credit of dividend amount directly into your bank account as there will be no mailing or handling delays in receiving the physical dividend warrant;
- Avoids loss/misplacement of physical dividend warrant in postal transit;
- It eliminates the need to deposit the physical warrant in the bank; and
- Avoids dividend warrant becoming stale/time barred.



### Unclaimed Shares in Physical Form

Clause 5A(II) of the Listing Agreement provides the manner of dealing with the shares issued in physical form pursuant to a public issue or any other issue and which remains unclaimed with the Company. In compliance with the provisions of the said Clause, the Company has sent three reminders under Registered Post to the shareholders whose share certificates were returned undelivered and are lying unclaimed so far.

In terms of Clause 5A(II) of the Listing Agreement, your Company will initiate appropriate steps on unclaimed shares by transferring and dematerialising them into one folio in the name of "Grasim Industries Limited Unclaimed Share Suspense Account". In case your shares are lying unclaimed with the Company, you are requested to claim the same. Upon transfer and dematerialisation to the suspense account, the voting rights on the said shares shall remain frozen till the rightful owner of such shares claims the shares.

### Company's Website

Members are requested to visit the Company's website [www.grasim.com/www.adityabirla.com](http://www.grasim.com/www.adityabirla.com) for -

- information on investor services being offered by the Company;
- downloading of various forms/formats, viz., Nomination Form, ECS Mandate Form, formats of Affidavits and Indemnity Bonds, etc.; and
- **registering your E-mail ID with the Company to receive Notices of General Meetings/ other Notices, Audited Financial Statements, Directors' Report, Auditors' Report, etc., henceforth electronically.**

### Service of Documents in Electronic Form (Green Initiative in Corporate Governance)

In order to conserve paper and environment, Ministry of Corporate Affairs (MCA), Government of India, has allowed and envisage the companies to send Notices of General Meetings/other Notices, Audited Financial Statements, Directors' Report, Auditors' Report, etc., henceforth to their shareholders electronically as a part of its green initiatives in corporate governance.

Keeping in view the aforesaid green initiative of MCA, your Company shall send the Annual Report to its shareholders in electronic form, to the e-mail address provided by them and made available to it by the Depositories. In case of any change in your e-mail address, you are requested to please inform the same to your Depository.

**Shareholders can avail e-communication facility by registering their e-mail address with the Company by sending the request on e-mail to [grasimshares@adityabirla.com](mailto:grasimshares@adityabirla.com) or by logging on to Company's website [www.grasim.com](http://www.grasim.com)**

**You will get following advantages by registering your e-mail address with the Company for availing e-communication:**

- **it will enable you to receive communication promptly;**
- **it will avoid loss of documents in postal transit; and**
- **it will help in eliminating wastage of paper, reduce paper consumption and, in turn, save trees.**

Your Company will make the said documents available on its website [www.grasim.com/www.adityabirla.com](http://www.grasim.com/www.adityabirla.com) Please note that physical copies of the above documents shall also be made available for inspection, during office hours, at the Registered Office of the Company at Birlagram-456 331, Nagda (M.P.).

In case you wish to receive the same in physical form, please write to our Share Department or send us an e-mail at [grasimshares@adityabirla.com](mailto:grasimshares@adityabirla.com) Upon receipt of a request from you, physical copy shall be provided free of cost.

### Feed Back

Members are requested to give us their valuable suggestions for improvement of our investor services to our Corporate Office at Mumbai or the Share Department at Nagda.

## “What is our definition of Inclusive Growth?

*An India, free from poverty. An India, of inclusive growth. An India, where every person realises his or her optimal potential. An India, where every human being lives a life of dignity. An India, that can hold her head high in the hegemony of nations*”

— **Mrs. Rajashree Birla,**

Chairperson, Aditya Birla Centre for Community Initiatives and Rural Development

This vision of your Director underlines all of your Companies CSR activities.

Your Company's CSR Report has been framed on the lines of the Companies Bill 2012, which has been cleared by the Lok Sabha in December 2012. As stipulated, your Company has constituted a CSR Committee at the Board level with – Mrs. Rajashree Birla, Chairperson, Mr. Shailendra K. Jain, Director and Mr. B. V. Bhargava, Independent Director. To gain benefit from her Group wide experience, Dr. (Mrs.) Pragnya Ram, Group Executive President, Corporate Communications and CSR, has been inducted as a permanent invitee.

Your Company's Corporate Social Responsibility policy was featured in your Company's Annual Report 2009-10. It conforms to the CSR guidelines stipulated in the Companies Bill and has been approved by your Board.

Your Company's CSR activities are carried out under the umbrella of the Aditya Birla Centre for Community Initiatives and Rural Development, which is led by your Director, Mrs. Rajashree Birla.

Your Company works in 100 villages and 36 urban slums in proximity to our Manufacturing Units at Nagda and Malanpur in Madhya Pradesh; Kharach and Vilayat in Gujarat and Harihar in Karnataka.

Through our focused endeavours in – healthcare, education, sustainable livelihood, infrastructure support and social causes, we work towards alleviating poverty.

### Healthcare

Through our medical camps, we reached out to 1,31,035 villagers for general health check-ups and an additional 36,180 villagers in the deep interiors through our rural mobile medical van services. Additionally, your Company's Indubhai Parekh



A session on health-care in progress

Memorial Hospital in Nagda and the G. D. Memorial Hospital at Ujjain, tend to the needs of the community. At 19 eye camps organized by us in Nagda and Harihar, 2,431 patients were treated. Of these, 948 were operated for cataract and 342 persons were provided with spectacles for better sight. In Osteoporosis' check-up camps held at Kharach, 273 patients were checked and advised

organized in the village schools at all locations, where 6,752 children's were checked and provided appropriate treatment.

Alongside 8,442 women took advantage of the anti-natal, post natal, mass immunization, nutrition and escort services for institutional delivery. These form part of our Reproductive and Child Health Care programmes.

In sessions on adolescent health care and nutrition 486 girls and 600 mothers were actively engaged. Again as a result of our intensive motivation drive towards responsible family raising, 432 villagers opted for planned families.



*Sparking the desire to learn*

the course of treatment. Dental camps and general health check-ups at 19 schools enabled us treat 1,265 children.

At the medical camps organized for the physically challenged, 152 patients were provided with artificial limbs that enabled them walk again.

To educate the village populace on infectious diseases several programmes at Harihar were conducted. Over 30,891 patients were treated at Rural Health Camps held here.

Over 2,050 villagers participated in the speciality medical camps organized at Nagda, Harihar and Kharach for cardiac check-up, skin diseases, arthritis and other health problems. Furthermore, at Nagda, we have tied up with the Government services to familiarise the locals with Ayurveda, Yoga and Homoeopathy as alternative treatment modes.

#### **Mother And Child Health Care:**

In collaboration with district health department, over 64,155 children were immunized against polio and 3,889 children for diphtheria, typhoid and hepatitis-B. School health check-up camps were regularly

#### **Education:**

We were successful in enlisting 2,288 children in the local schools at Nagda, Kharach, Harihar and Malanpur. Merit scholarships were accorded to 88 students at Harihar. At Malanpur, Ghironghi and Tilori as well meritorious students were felicitated. Our thrust continues to be on the girl child. We are involved with the Kasturba Gandhi Balika Vidhyalayas (KGBV) – residential schools for girls. This year, we enrolled 181 girls in the KGBVs and other Government schools around Nagda and Rithoura.

Our talent search programme 'Pratibha Karanji' drew 200 children from different schools in Harihar. Our computer training programme in Harihar and Kharach benefitted 3,571 school children. We provided 1000 students of various Government schools with school bags, notebooks and stationery at Kharach, and Nagda and aided the mid-day meal programme at Harihar, reaching out to 375 students.

"Way to Success" — a new initiative — launched for higher secondary students met with great enthusiasm at Kharach. Full day workshops are organized to enable students prepare for Board examinations and earn good grades. At 6 workshops spanning 17 villages 986 higher secondary students gained enormous confidence.

A study tour of 110 students from the VI to the IX grade, in Vilayat and Bhersam village were taken to Science exhibitions in Baroda. This was done primarily to expose students to scientific developments and in so doing get them more interested in the science stream. Our unique learning programme "Chal Ma Sathe Bhaniye" (Come Mother,



Let Us Learn Together), at Kharach and Nagda is on track with 96 mothers who have become students for the first time in their lives. While parents of girls have made a commitment to help them pursue their studies, the girls teach basics to their mothers.

#### **Safe Drinking Water and Sanitation:**

The installation of Reverse Osmosis Plants and water tanks has had a salutary impact on the villagers. Up until now 15 plants have been installed. Consequently, more than 35,000 villagers have access to safe drinking water around our operational areas in Gujarat, M.P. and Karnataka.

Supporting the Nirmal Gram Yojana, we have facilitated the construction of 274 individual toilets in villages around Harihar (148) and Nagda (126).

#### **Sustainable Livelihood:**

Through our Sustainable Livelihood project, we have provided vocational skills training to 699 youngsters at Harihar, Kharach and Nagda.

On the agricultural front, we have enabled farmers earn better. We conducted farmer training programmes, relating to advance cropping techniques, and other agricultural promotion processes. These learning programmes were highly appreciated by the 108 farmers at Harihar and 741 farmers at Nagda, who participated. The immunisation of 5,058 cattle at Harihar and 2,892 at Nagda through animal husbandry and veterinary camps, went a long way in stoking farmer prosperity. Organic farming and vermi composing have been encouraged with 11 Units in Nagda. Alongside, up until now, we have constructed 182 biogas units. Through our engagement in dairy development and sheep rearing, 122 households earned their livelihood.

#### **Self Help Groups And Income Generation:**

Across Grasim, 221 Self Help Groups empower 2,422 households financially and socially. Most of the SHGs have been linked with the economic schemes of NABARD and the District Industries Centre. At the various centres, 699 women were trained in different skills. Such as tailoring, crafting handbags and purses as well as making detergents.

The Ansuya Kendra at Birla Cellulosic, Kharach, started with the objective of training rural women, particularly those from BPL families, scheduled tribes and scheduled castes to be self reliant. It has enabled 1,503 women stand on their feet, supplement the



*Students pose for a picture during their study tour along with their teachers*

household income and in some instances run their family.

#### **Infrastructure Development:**

The 4 dams constructed at Nagda on the river Chambal continue to benefit nearly a 100,000 people. Your Company has constructed/renovated Community halls, school buildings, boundary walls, anganwadi centres, panchayat office, PHC Centres and cattle sheds around its Harihar, Nagda and Kharach plants. Through the Jal Nirmal Programme for safe drinking water we reached out to the villagers at Harihar.

#### **Social Welfare:**

Under the mass marriage programme this year 67 couples in Harihar were united in wedlock.

We helped new beneficiaries to access Government pension funds for old age widows and the physically handicapped. We distributed 1,030 blankets/bed-sheets to the poor across our Units.

#### **Our Investments:**

For the year 2012-13, Grasim's CSR spend was ₹2,500 lakhs – which is 2% of the average net profit for the last 3 years.

In addition, we mobilised ₹852 lakhs through the various schemes of the Government, acting as catalysts for the community.

#### **In Sum:**

Through our intense involvement with the underprivileged sections of the community, in our own humble way, we have helped lower the level of poverty in the villages and the urban slums, in proximity to our plants.



### Synergizing growth with responsibility

“As a Group on the sustainability journey, our thrust is on the three critical dimensions of **people, planet and profit**.”

We have always looked upon our people as the single most important asset of our extended Aditya Birla family. Looking outside the organization, for us, the welfare of the communities in which we operate continues to be our priority. This is manifest in the various CSR projects that we run, providing the less fortunate strata of society with education, healthcare, sustainable livelihood and infrastructure support.

On the profit dimension, i.e. economic value added, our journey is well known. In the past 17 years, we have grown 20 times in revenue. During the last one decade, the CAGR in EBITDA has been 19%.

Our Group’s Sustainability Vision is:-

“By 2017, the Aditya Birla Group endeavours to become the leading Indian conglomerate for sustainable business practices across its global operations, balancing its economic growth with environmental and societal interests.

This vision provides a common guiding principle as well as an operating framework for all our businesses”.

— Kumar Mangalam Birla, Chairman  
Aditya Birla Group

In line with your Chairman’s mandate, your Company has moved forward with a slew of positive steps towards environmental conservation, synergizing growth with responsibility.

One key focus area this year has been our investment in a new Fibre Research Centre with a capacity of 2 tonnes per day. The facility will allow us to carry out research in developing new more sustainable fibres and the optimization of the use of raw materials in the current product lines.

In our manufacturing facilities we have very positive progress to report from a number of key focus areas.

### Waste Management

We have had impressive results in the area of waste management. The highly experienced team

at your Birla Cellulosic plant at Kharach has arranged for 64% (8,564 tonnes) of the chemical gypsum to be taken by the cement industry and 100% (41,664 tonnes) of fly ash to be used for brick manufacturing. This has reduced our landfill requirements enormously and is providing raw materials to two growing industries.

At your Nagda plant, the installation of a new Briquette Plant is allowing all 58 tonnes of Effluent Treatment Plant sludge produced each day, to be burnt thus taking advantage of the calorific value and reducing our landfill needs.

### Water

An investment of ₹ 3.90 crore in four water projects at Birla Cellulosic has produced a 15% saving from the total water used there. A reverse osmosis recycling plant, a new way of using recycled treated effluent for cleaning and priming the acid plant, recycling of the backwash from the multi stage flash evaporator plant and recycling water from the hydrochloric acid fume chamber and demineralisation plants have all made significant impacts on water consumption. A further investment of ₹ 1.80 crore in a new Primary Clarifier is enabling us to reduce hydraulic load and maintain a tighter control on the quality parameters of treated effluent water in the Effluent Treatment Plant.

Treated water at your Nagda plant is now being used to increase crop yields by irrigating 4,165 bighas of farmland. In order to secure the water supply to the plant for the whole year, the team has also invested ₹ 50 crore to construct a 75 million cubic feet capacity reservoir, to harvest water from the River Chambal.

### Air Emissions

At your Nagda operations - a new technology has been adopted to reduce the CS<sub>2</sub> emission that emanates from the production process, recover the CS<sub>2</sub> and recycle it back to the process, resulting in a 20% reduction in consumption.

### Reducing the Carbon Footprint

At your Harihar plant, the team managed to reduce about 52,000 tons of carbon dioxide equivalent emissions (CO<sub>2</sub>eq) by replacing 74% of the Light Diesel Oil and 23% of the Furnace Oil with biogas in the Hot Air generator and lime kiln respectively.

Further, your Birla Cellulosic environmental team is in the process of registering a Clean Development Mechanism project under the Kyoto Protocol for the work they have done to reduce carbon dioxide emissions from the Steam Condensing Turbine. If successful, it will generate 12,132 Certified Emission Reduction Certificates per year for ten years.

### Greenbelt

During the year, all your operations have continued to develop their greenbelt and so enhance the surrounding area. Birla Cellulosic has been engaged in the development of a large mangrove plantation covering an impressive 240 acres of coastline on the Roniya Island in the Bhavnagar district of Gujarat. At Harihar, 15 acres of land was developed with 8,000 saplings using treated effluent and, at Nagda the total coverage remains at 76% of the total land area although a further 15,000 saplings have improved the depth of the coverage.

Your board and management team across all the operations remain committed for a sustainable future.



## TO THE SHAREHOLDERS OF GRASIM INDUSTRIES LIMITED,

### Dear Shareholders,

Your Directors have pleasure in presenting the 66th Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2013. As the Management Discussion and Analysis Section of the Annual Report focuses on your Company's strategies for growth and the performance review of the businesses/operations of the Company in depth, your Board is providing only a brief overview in this Report.

### STRATEGIC ACQUISITION

#### Acquisition of Terrace Bay, a Canadian Pulp Mill

In July 2012, in line with your Company's strategy to secure key inputs, the assets of Terrace Bay, a closed pulp mill in Ontario, Canada, was acquired by AV Terrace Bay, Canada, the pulp JV, with Grasim holding a 40% stake and the remaining 60% held by Thai Rayon Public Company Ltd., Thailand. The operations at this paper grade pulp mill were restarted in October 2012, as planned. This acquisition will help in meeting the increasing pulp requirement for your Company's VSF business after the mill is converted into dissolving grade pulp mill.

### GROWTH OF THE EXISTING BUSINESSES

#### Expansion of VSF/Chemical Capacities

At Harihar (Karnataka), the 36,500 TPA VSF brownfield expansion was commissioned phase-wise. In Phase I, in September 2012, the plant's capacity was expanded by 18,250 TPA. In Phase II, in May 2013, the balance capacity of 18,250 TPA became operational with the commissioning of the Power Plant.

The 120,000 TPA greenfield VSF project at Vilayat (Gujarat) is nearing completion and is expected to go on stream in the 2<sup>nd</sup> Quarter of the FY 2013-14. To improve the technology and efficiency of your Company's VSF plant at Nagda, a major revamp in phases, spread over the next three years is underway.

The Chemical plant (Caustic Soda - 182,500 TPA), also at Vilayat, commenced commercial production in May 2013. There will be a gradual ramp up in capacity in the first half of the FY 2013-14.

Work on the Epoxy project (51,500 TPA) at Vilayat is progressing, and the same is likely to be commissioned by September 2013.

### Expansion of Cement Capacity

Your Company's subsidiary, UltraTech Cement Limited (UltraTech), has initiated several projects across its locations. Of these, the following projects have been commissioned –

- Clinkerisation plant of 3.30 Mn. TPA at Rawan, Chhattisgarh
- Grinding unit of 1.55 Mn.TPA at Hotgi, Maharashtra
- Increase in cement grinding capacity by 0.60 Mn. TPA at Gujarat plant
- Bulk terminal at Cochin, Kerala
- Wall-care putty plant at Katni, Madhya Pradesh.

With the commissioning of these projects, the cement capacity of UltraTech has increased from 51.75 Mn. TPA to 53.90 Mn. TPA. The clinkerisation plant of 3.30 Mn. TPA in Karnataka is expected to go on stream in Q1 of the FY 2013-14.

UltraTech is committed to growth and towards this end, its Board has approved the expansion of capacity at its Aditya Cement Works in Rajasthan by 2.9 Mn. TPA, including the setting up of two grinding units. This expansion envisages a capital outlay of around ₹ 2,000 crore to be funded through a mix of internal accruals and borrowings. The additional facility is expected to be commissioned by March 2015.

With the commissioning of these and other projects in the pipeline, UltraTech's cement capacity will stand augmented to 64.45 Mn. TPA by March 2015.

### FINANCIAL PERFORMANCE

Your Company has reported improved performance for the year, achieving higher Revenue and PBIDT, despite the economic slowdown as reflected in decline in the Indian GDP growth to ~5%. The Company's Revenue increased by 11% at ₹ 27,904 crore (₹ 25,245 crore). PBIDT was up from ₹ 6,321 crore to ₹ 6,543 crore, a growth of 4%, led by improved volumes in the VSF business and cost optimisation. Net Profit was ₹ 2,704 crore as compared to ₹ 2,647 crore in the FY 2011-12.

Your Company's subsidiary, UltraTech, reported a net profit of ₹ 2,678 crore vis-à-vis ₹ 2,403 crore, reflecting a growth of 11%. The pressure on input and logistic cost continued, though there was some relief on account of the softening in prices of imported coal.

(₹ in Crore)

	Consolidated		Standalone	
	2012-13	2011-12	2012-13	2011-12
<b>Revenue from Operations (Net)</b>	<b>27,904.32</b>	<b>25,244.89</b>	<b>5,255.01</b>	<b>4,973.56</b>
Profit before Interest, Depreciation/ Amortisation and Tax (PBIDT)	6,543.12	6,320.60	1,522.75	1,721.81
Less: Finance Costs	324.14	313.99	39.09	35.82
Less: Depreciation and Amortisation	1,252.06	1,154.41	159.21	144.20
<b>Profit before Exceptional Item and Tax</b>	<b>4,966.92</b>	<b>4,852.20</b>	<b>1,324.45</b>	<b>1,541.79</b>
<b>Add:</b> Exceptional Item	204.43	—	204.43	—
<b>Profit Before Tax</b>	<b>5,171.35</b>	<b>4,852.20</b>	<b>1,528.88</b>	<b>1,541.79</b>
Tax Expense	1,467.21	1,320.77	302.89	364.79
<b>Profit After Tax</b>	<b>3,704.14</b>	<b>3,531.43</b>	<b>1,225.99</b>	<b>1,177.00</b>
<b>Add:</b> Share in Profit/(Loss) of Associates	73.65	63.16	—	—
<b>Less:</b> Minority Interest	1,073.40	947.13	—	—
<b>Profit for the Year</b>	<b>2,704.39</b>	<b>2,647.46</b>	<b>1,225.99</b>	<b>1,177.00</b>
Balance brought forward from Previous Year	778.77	1,520.49	662.34	703.72
<b>Surplus available for Appropriation</b>	<b>3,483.16</b>	<b>4,167.95</b>	<b>1,888.33</b>	<b>1,880.72</b>
<b>Appropriations:</b>				
- Reserve Fund	0.77	0.50	—	—
- General Reserve	2,424.51	3,206.23	122.60	1,000.00
- Debenture Redemption Reserve	9.36	(71.50)	—	—
- Proposed Dividend	206.52	206.36	206.52	206.36
- Corporate Dividend Tax	51.75	47.59	9.81	12.02
- Share of Appropriation related to Associates	2.16	—	—	—
- Balance carried to Balance Sheet	788.09	778.77	1,549.40	662.34
	<b>3,483.16</b>	<b>4,167.95</b>	<b>1,888.33</b>	<b>1,880.72</b>

**DIVIDEND**

Your Directors have recommended a dividend of ₹ 22.50 per equity share, same as per last year. The dividend, if approved by the members, would involve a cash outflow of ₹ 216 crore (inclusive of Corporate Dividend Tax).

Equity shares that may be allotted upon exercise of Options granted under the Employee Stock Option Scheme and out of the Share Capital Suspense, and before the Book Closure for payment of dividend will rank *pari passu* with the existing shares and shall also be entitled to receive the aforesaid dividend.

**EMPLOYEE STOCK OPTION SCHEME (ESOS)**

During the year:

- 19,334 Options were vested out of the Options granted in the earlier years; and
- 66,764 Options were exercised and, accordingly, 66,764 shares were allotted to the concerned option holders.

The details of Employee Stock Options granted pursuant to the Employee Stock Option Scheme - 2006 (ESOS - 2006), as also the disclosures in compliance with Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, are set out in the Annexure "A" to this Report. Your Board has also approved

formulation of a new Employee Stock Option Scheme. Items seeking your approval for introduction and implementation of the new ESOS Scheme exercisable into not more than 2,30,000 equity shares of ₹ 10/- each by the permanent employees, including any managing or whole-time director(s), of your Company and its subsidiary companies, are included in the Notice convening the AGM together with the Explanatory Statement.

A certificate from the Statutory Auditor on the implementation of your Company's Employee Stock Option Scheme will be placed at the ensuing Annual General Meeting for inspection by the Members.

### FINANCE

Your Company raised long-term rupee loan of ₹ 537 crore for financing its VSF expansion projects. Term loans aggregating ₹ 73 crore were repaid during the year.

Your Company has adequate liquidity and a strong balance sheet. CRISIL Limited has re-affirmed the "CRISIL AAA/Stable" and "CRISIL A1+" rating for your Company's long-term borrowings and short-term bank loan facilities, respectively, aggregating to ₹ 2,900 crore. Credit Analysis & Research Limited (CARE) has also re-affirmed the "CARE AAA" and "CARE A1+" rating for your Company's long-term and short-term borrowings respectively, aggregating to ₹ 3,000 crore.

### AWARDS AND ACCOLADES

Some of the significant accolades earned by your Company during the year include:

- *Certificate of Excellence Award for the year 2011-12 from Container Corporation of India Limited for achieving the largest volume as importers in terms of Twenty Foot Equivalent Units (TEUs) at Railway Container Terminal, Vadodara: Birla Cellulosic Division, Kharach*
- *Gold Award for the year 2012 from Greentech Foundation, New Delhi, for outstanding achievement in Environment Management in the Chemical Sector: Chemical Division, Nagda*
- *Bhamashah Award for the year 2011-12 from Commercial Tax Dept., Govt. of Madhya Pradesh, for being the third largest tax payer: Caustic Soda Membrane Cell Division, Nagda*

### RESEARCH AND DEVELOPMENT

Significant progress was made during the FY 2012-13 in building the technology capabilities to address competitive market threats and begin laying the groundwork for significant profitable growth. Key technology programmes were

developed in the areas of fibre and cellulose pulp quality and towards enhanced product performance, reduced production costs and improved environmental sustainability. There is progress on building enabling capabilities in the areas of facilities and infrastructure, technology organisation staffing and development, and the engagement of external knowledge networks to complement internal capabilities. The recruitment of professional staff and leadership is ongoing and the programme and staff managing processes have been defined and are being instituted. Some key highlights are outlined to illustrate the progress being made.

### Programme Portfolio

A comprehensive quality improvement approach, centred on instituting statistical process control and Six Sigma continuous improvement techniques, has been launched in both fibre and cellulose pulp sites. Significant reductions in process variation are being accomplished, and a robust customer monitoring and a feedback process are enabling the assessment of ongoing quality performance versus competition. Common metrics are being developed across all sites to track improvement and to enable the sharing of best operating practices to accelerate progress. Chronic process and fibre finish issues have been defined, which require additional technology development. Business and corporate R&D resources have been engaged to provide this support. These advances are aimed at significantly enhancing our customers' satisfaction levels.

A number of programmes, aimed at enhanced fibre product performance, were launched for producing dyed fibres, higher wet modulus and tenacity products, and the incorporation of high value attributes into viscose staple fibres.

Technology developments aimed at reduced costs and improved environmental sustainability are underway. These aim at increasing process productivity and reducing chemical material and energy requirements in the existing processes. Programmes exploring alternative process concepts with superior environmental performance are on, including contributions by external knowledge network partners.

Structured Forestry Plantation R&D programmes commenced at Harihar and Laos. Suitable genetic materials adapted to local edaphic-climatic conditions were selected, and are being used to establish base populations for future genetic selection and breeding. A multi-disciplinary

approach to create sustainable and eco-efficient forestry was started. This included programmes in genetic tree improvement, development of site specific silviculture best practices, integrated pest and disease management and the use of improved genetic material and management of genetic diversity at each site.

### Enabling Capabilities

Extensive new capabilities for pulp R&D were added as part of the Domsjo acquisition, strengthening the existing infrastructure for developments along the entire value chain. This group has now developed a portfolio of programmes aimed at enhancing the value of pulp supplies and improving their use in the fibre facilities. The Wood and Pulp Research Centre at Harihar has been strengthened, and is contributing to better tree stocks for local wood supplies. The contribution of Birla Research Institute for Applied Sciences (for fibres) at Nagda and the Textile Research and Application Development Centre (TRADC) at Kharach to new process and product development, and expanded applications for fibres are commendable. The India-based Centres have accreditations from the Ministry of Science and Technology, Government of India. The project to expand fibre R&D at the Aditya Birla Science & Technology Company Ltd., an Associate of your Company at Talaja, is nearing completion. It will provide significantly enhanced laboratory and semi-works capabilities for fibre research. The semi-commercial scale Fibre Research Centre at Kharach is under construction, and is expected to contribute significantly to the fibre process and product R&D programmes in 2013. These investments along with significant increases in R&D resources and the growing analytical and research support available through the corporate R&D organisation at Talaja, are integral to your Company's growth.

The technology organisation for the business has been strengthened with the recruitment of R&D professionals with diverse backgrounds, capabilities and experiences. A core team of 20 R&D professionals are actively engaged in various technology programmes and initiatives. External knowledge networks to complement internal capabilities have been developed, providing access to advanced technologies in the areas of cellulose pulp and novel new fibres. Many key technology leadership positions have been filled and work is continuing to staff the remaining opportunities.

Systematic programme and intellectual property management processes, engaging all the key business stakeholders, have been developed and are being implemented across all aspects of R&D. An organisation structure and associated personnel management system have been developed and are in the process of being adopted.

All our R&D Centres are being further strengthened with new equipment and analytical instruments.

In summary, significant progress has been accomplished in the areas of programme portfolio development, infrastructure project execution, staff recruiting and development, and the creation of the overall R&D function operating systems. We look forward to the significant contributions and this R&D capability will deliver to the Pulp and Fibre business.

### HUMAN RESOURCES

Several innovative people - focused initiatives have been instituted at the Group level, and these are translated into action at all of the Group Companies. Our basic objective is to ensure that a robust talent pipeline and a high-performance culture, centred around accountability is in place. We feel this is critical to enable us retain our competitive edge.

### CORPORATE GOVERNANCE

Your Directors reaffirm their continued commitment to good corporate governance practices. Your Company fully adheres to the standards set out by the Securities and Exchange Board of India for Corporate Governance practices and has implemented all of its stipulations.

As required by Clause 49 of the Listing Agreement of Stock Exchanges, a separate section on Corporate Governance, together with a certificate from your Company's statutory auditors, forms part of this Annual Report.

### BUSINESS RESPONSIBILITY REPORT

As per Clause 55 of the Listing Agreement with the Stock Exchanges, a separate section of Business Responsibility Report forms part of this Annual Report.

### DIRECTORS' RESPONSIBILITY STATEMENT

As stipulated in Section 217(2AA) of the Companies Act, 1956, your Directors subscribe to the "Directors' Responsibility Statement" and confirm that:



- i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) the accounting policies selected have been applied consistently, and judgements and estimates are made that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at the end of the financial year and of the profit or loss of your Company for that period;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of your Company and for preventing and detecting fraud, and other irregularities; and
- iv) the annual accounts have been prepared on a going concern basis.

### CONSOLIDATED FINANCIAL STATEMENTS AND RESULTS OF SUBSIDIARY COMPANIES

Consolidated Financial Statements have been prepared by your Company in accordance with the applicable Accounting Standards (AS-21, AS-23 and AS-27) issued by the Institute of Chartered Accountants of India and the provisions of the listing agreement with the Stock Exchanges. Together with the Auditors' Report, these form part of the Annual Report.

In terms of the General Circular of the Ministry of Corporate Affairs (MCA), Government of India, the copy of Balance Sheet, Statement of Profit and Loss, Directors' Report, Auditors' Report, etc., of the subsidiary companies is not attached with the Annual Report of the Company. The related information on the Annual Accounts of the subsidiary companies shall be made available to the shareholders of the Company and of the subsidiary companies, who shall seek such information at any point of time. The Annual Accounts of the subsidiary companies will also be kept for inspection by any shareholder at the Registered Office of the Company and that of the subsidiary companies concerned. The Statement pursuant to Section 212 of the Companies Act, 1956, containing the details of the Company's subsidiaries and the gist of the financial performance of the subsidiary companies forms part of the Consolidated Financial Statements of this Annual Report.

### PARTICULARS AS PER SECTION 217 OF THE COMPANIES ACT, 1956

Information on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, stipulated under Section 217(1)(e) of the Companies Act, 1956, is set out in a separate statement, attached to this Report and forms part of it as Annexure "B".

In accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of employees are to be set out in the annexure to the Directors' Report. Having regard to the provisions of Section 219(1)(b)(iv) of the said Act, the Report and Accounts as set out therein are being sent to all members of the Company excluding the information about the employees. Any member, interested in obtaining such particulars, may write to the Company Secretary at the Registered Office of the Company.

### DIRECTORS

Mr. Shailendra K. Jain, Dr. Thomas M. Connelly, Mr. M.L. Apte and Mr. R.C. Bhargava, the existing Directors of the Company, retire from office by rotation and, being eligible, offer themselves for re-appointment.

A brief resume of the Directors, being re-appointed, has been incorporated in the notice of the ensuing Annual General Meeting.

### AUDITORS

The Board, on the recommendation of the Audit Committee, has proposed that M/s. G.P. Kapadia & Co., Chartered Accountants, Mumbai, and M/s. Deloitte Haskins & Sells, Chartered Accountants, Mumbai, be re-appointed as the Joint Statutory Auditors of the Company, to hold office from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting of the Company. M/s. G.P. Kapadia & Co., Chartered Accountants, Mumbai, and M/s. Deloitte Haskins & Sells, Chartered Accountants, Mumbai, have forwarded their certificates to the Company, stating that their re-appointment, if made, will be within the limit specified in that behalf in Sub-section (1B) of Section 224 of the Companies Act, 1956.

The Board, on the recommendation of the Audit Committee, has also proposed that M/s. Vidyarthi & Sons, Chartered Accountants, Gwalior, be re-appointed as the Branch Auditors of Vikram Woollens, a Division of your Company, from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting of the Company.

Resolutions seeking your approval on these items are included in the Notice of the ensuing Annual General Meeting.

The observations made in the Auditors' Report are self-explanatory, and, therefore, do not call for any further comments under Section 217(3) of the Companies Act, 1956.

### **COST AUDITORS**

In pursuance of Section 233-B of the Companies Act, 1956, your Directors have appointed M/s. R. Nanabhoy & Co., Mumbai, as the Cost Auditors to conduct the Cost Audit for the year 2013-14.

Pursuant to Cost Audit (Report) Rules, 2001, the Cost Audit Report of the Company for the financial year ended 31st March, 2012, was filed on 30th January, 2013, vide SRN No. S20083218 with the Ministry of Corporate Affairs, New Delhi.

### **APPRECIATION**

Your Directors record their sincere appreciation of the Central and State Governments, banks, financial institutions, stakeholders and business associates for their whole-hearted support and co-operation.

For and on behalf of the Board



Kumar Mangalam Birla  
Chairman

Mumbai, 4<sup>th</sup> May, 2013





Disclosure pursuant to the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

	Particulars	Details of Employee Stock Options as on 31st March, 2013			
		Tranche 1	Tranche 2	Tranche 3	Tranche 4
a)	Number of Stock Options Granted	2,01,530	16,610	71,297	6,037
b)	The pricing Formula	Exercise price was determined by averaging the daily closing price of the Company's equity shares during the 7 days immediately preceding the date of grant and discounting it by 30%.  Exercise Price : ₹ 1,928/-	Exercise price was determined by averaging the daily closing price of the Company's equity shares during the 7 days immediately preceding the date of grant and discounting it by 5%.  Exercise Price : ₹ 2,885/-	Exercise price was determined by averaging the daily closing price of the Company's equity shares during the 7 days immediately preceding the date of grant and discounting it by 30%.  Exercise Price : ₹ 1,440/-	Exercise price was determined by averaging the daily closing price of the Company's equity shares during the 7 days immediately preceding the date of grant and discounting it by 30%.  Exercise Price : ₹ 1,594/-
c)	Options Vested	1,62,654	14,345	35,649	1,509
d)	Options Exercised	87,426	1,444	12,020	1,037
e)	The total number of shares arising as a result of exercise of options	87,426	1,444	12,020	1,037
f)	Options forfeited/cancelled/lapsed	38,876	2,265	—	—
g)	Variation of terms of options	Pursuant to the Scheme of Arrangement for demerger of Cement Business of the Company to Samruddhi Cement Limited ("Samruddhi") (a subsidiary of the Company, which has since been merged with UltraTech Cement Limited (another subsidiary of the Company)), the Exercise Price of stock options of the Company issued under Tranche 1 and Tranche 2 was divided between the stock options issued by the Company and the stock options issued by Samruddhi under its Compensatory Stock Options Scheme. Accordingly, the Exercise Price of stock options issued by the Company stands revised as under:  ₹ 1,523/-		None	None
h)	Money realised by exercise of options	₹ 13,67,91,558/-	₹ 32,90,876/-	₹ 1,73,08,800/-	₹ 16,52,978/-
i)	Total number of options in force	75,228	12,901	59,277	5,000
j)	Employee-wise details of options granted				
	i) Senior Managerial personnel	Mr. Shailendra K. Jain # : 16,980* Mr. D.D. Rathi # : 7,550*	—	Mr. K.K. Maheshwari : 43,932 Mr. Adesh Gupta : 6,981	—
	ii) Any other employee who received a grant in any one year of option amounting to 5% or more of options granted during that year	—	—	Dr. Prakash Maheshwari : 12,090 Mr. Sunay Kamat : 4,147 Mr. Gerard D'Cunha : 4,147	Dr. Raju Mistry: 4,147 Mr. D.P. Modani: 1,890
	iii) Identified employees who were granted option during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	—	—	—	—
k)	Diluted earnings per share	₹ 133.51			
l)	Difference between the employee compensation cost, computed using the intrinsic value of the stock options and the employee compensation cost that shall have been recognised if the fair value of the options was used	Particulars			₹ in Crore
		Net Profit			1,225.99
		Add: Intrinsic Value Compensation Cost			1.00
		Less: Fair Value Compensation Cost			1.83
		Adjusted Net Profit			1,225.16
	The impact of this difference on profits and on EPS of the Company	Earnings Per Share (₹)			
		As reported : Basic			133.62
		Diluted			133.51
		As adjusted : Basic			133.53
		Diluted			133.42

# Ceased to be in employment of the Company

\* Net of Options cancelled/lapsed

	Particulars	Details of Employee Stock Options as on 31st March, 2013			
		Tranche 1	Tranche 2	Tranche 3	Tranche 4
m)	(i) Weighted-average exercise prices and weighted-average fair values of options whose exercise price equals the market price of the stock	N.A.	N.A.	N.A.	N.A.
	(ii) Weighted-average exercise prices and weighted-average fair values of options whose exercise price is less than the market price of the stock	Revised Weighted-average exercise price : ₹ 1,523/- Revised Weighted-average fair value : ₹ 1,038.81	Revised Weighted-average exercise price : ₹ 2,279/- Revised Weighted-average fair value : ₹ 872.13	Weighted-average exercise price : ₹ 1,440/- Weighted-average fair value : ₹ 1,130.00	Weighted-average exercise price : ₹ 1,594/- Weighted-average fair value : ₹ 1,259.39
	(iii) Weighted-average exercise prices and weighted-average fair values of options whose exercise price exceeds the market price of the stock	N.A.	N.A.	N.A.	N.A.
n)	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information: <b>On the Date of Grant</b>				
	(i) risk-free interest rate (%)	7.78	7.78	8.09	8.09
	(ii) expected life (No. of years)	5	5	5	5
	(iii) expected volatility (%)	33	36	45.64	31.73
	(iv) dividend yield (%)	1.84	1.80	1.58	0.61
	(v) the price of the underlying share in market at the time of option grant	₹ 2,728/-	₹ 2,885/-	₹ 2,018/-	₹ 2,330/-



Information under Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rule, 1988, and forming part of the Directors' Report for the year ending 31st March, 2013.

## A CONSERVATION OF ENERGY

### a) Energy Conservation Measures Taken

The Company is continuously engaged in the process of energy conservation through improved operational and maintenance practices. Following measures have been taken by different units of the Company:

#### i) Viscose Staple Fibre and Pulp Units

- Installation of energy efficient screw chiller in place of reciprocating type compressor in Viscose and CS<sub>2</sub> Refrigeration System
- Rotary Vacuum Filter (RVF) Backwashing using RVF mother liquor in place of soft water.
- Replacement of conventional surface aerators with energy-efficient surface aerators in Effluent Treatment Plant
- Up-gradation of Caustic Dilution Plant resulting in lower power consumption
- Low voltage transformer for plant lighting (Viscose, Spinning and Auxiliary)
- Adoption of Triple Effect Anhydrous Evaporator in place of double effect in Auxiliary

#### ii) Chemical Unit

- Conversion of Electrolyser from 2<sup>nd</sup> Generation to 5<sup>th</sup> Generation
- Remembraning of inefficient Electrolysers
- Installation of new screw Compressor

#### iii) Textile Unit

- Optimisation in Humidification plant and chiller operation
- Saving of power by optimum utilisation and seasonal benefit in Humidification plants
- Optimisation in TFO speeds

### b) Additional Investment and Proposals, if any, being implemented for reduction of consumption of energy:

#### i) Viscose Staple Fibre and Pulp Units

- Installation of Caustic Dilution Plant for power saving
- Motorised valves for TG3 cooling tower pump delivery line to conserve electrical energy
- Variable Frequency Drive for product liquor flash tank pump in evaporator to reduce power consumption
- LP ejector and Vacuum pump combination in place of HP ejector system for MSFE

#### iii) Chemical Unit

- Conversion of balance Electrolyser from 2<sup>nd</sup> Generation to 5<sup>th</sup> Generation
- Remembraning of inefficient Electrolysers

#### iii) Textile Unit

- Installation of LED lights
- Replacement of repeated burnt motors

### c) Impact of Measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

- The above measures have resulted/will result in reduction in energy consumption, increase in productivity and reduction in energy cost

### d) Total Energy Consumption and Energy Consumption per Unit of Production

As per form 'A' attached

## FORM 'A'

## Total Energy Consumption and Energy Consumption per Unit of Production

## (A) POWER AND FUEL CONSUMPTION

	Unit	Current Year	Previous Year	Reason for Deviation
<b>1. Electricity</b>				
a) Purchased - Unit	'000	<b>3,99,970</b>	3,68,653	Increased due to higher production
Total amount	₹ in Cr.	<b>195.83</b>	171.58	
Rate per Unit	₹/Unit	<b>4.90</b>	4.65	Rate increased by the State Electricity Board
b) Own Generation				
i) Through Diesel Generator - Unit	'000	<b>139</b>	183	Lower use of DG set
Unit per Litre of Diesel Oil	Units/Ltrs.	<b>3.31</b>	3.36	
Cost/Unit	₹/Unit	<b>16.20</b>	12.97	Increase in diesel price
ii) Through Steam Turbine - Units	'000	<b>7,26,284</b>	7,37,539	
Units per Kg. of Steam	Kg./Kg.	<b>5.65</b>	5.46	
Units of Electricity per Kg. of Coal	KWh/Kg.	<b>0.30</b>	0.30	
Cost/Unit	₹/Unit	<b>3.59</b>	3.61	
(Cost of Fuel, Fixed Cost and Govt. Levies)				
<b>2. Coal (Slack, Steam and ROM including Lighting Coal)</b>				
For Co-generation of Steam and Power	Tonne	<b>10,45,096</b>	10,66,381	Lower captive power generation
Total Amount	₹ in Cr.	<b>458.08</b>	437.13	
Average Rate	₹/Tonne	<b>4,383</b>	4,099	Increase in coal prices
<b>3. Furnace Oil (Including LSHS)</b>				
Quantity	K. Ltrs.	<b>5,954</b>	6,453	
Total Amount	₹ in Cr.	<b>24.44</b>	23.79	
Average Rate	₹/K.Ltrs.	<b>41,050</b>	36,869	Increase in market rate
<b>4. Light Diesel Oil (LDO)</b>				
Quantity	K. Ltrs.	<b>664</b>	965	
Total Amount	₹ in Cr.	<b>4.01</b>	4.56	
Average Rate	₹/K.Ltrs.	<b>60,396</b>	47,229	Increase in market rate
<b>5. High Speed Diesel Oil (HSD)</b>				
Quantity	K. Ltrs.	<b>42</b>	54	
Total Amount	₹ in Cr.	<b>0.22</b>	0.24	
Average Rate	₹/K.Ltrs.	<b>53,686</b>	43,609	Increase in market rate
<b>6. Internal Generation</b>				
Steam				
a) From Chemical Recovery Boiler in Rayon Pulp Plant				
Quantity	Tonne	6,17,760	5,81,216	
Total Cost	₹ in Cr.	1.09	1.21	
Rate/Unit	₹/Tonne	17.65	20.88	Less use of F.Oil in Recovery Boiler during the FY13 as compared to the FY12
(Cost of Oil used for firing support in Boiler)				
b) From Waste-Heat Boiler in Sulphuric Acid Plants				
Quantity	Tonne	3,40,623	3,23,917	
Total Cost	₹ in Cr.	N.A.	N.A.	
Rate/Unit	₹/Tonne	N.A.	N.A.	

## (B) CONSUMPTION PER UNIT OF PRODUCTION:

Particulars	Unit	Standard	Actual	
			Current Year	Previous Year
VSF				
Electricity	Units/Tonne	1,500	1,185	1,208
Steam	Tonne/Tonne	12.50	8.87	9.15
Caustic Soda				
Electricity	Units/Tonne	2,400	2,173	2,215
Steam	Tonne/Tonne	0.09	0.17	0.19
Textiles:				
Yarn				
Electricity	Units/100 Kg.	—	744	722
Steam	Tonne/100 Kg.	—	0.20	0.16
Fibre Dyeing				
Steam	Tonne/100 Kg.	—	0.56	0.64
Stable Bleaching Powder (SBP)				
Electricity	Units/Tonne	128	120	125
Steam	Tonne/Tonne	0.13	0.12	0.13
Poly Aluminium Chloride				
Electricity	Units/Tonne	77	62	58
Steam	Tonne/Tonne	0.27	0.28	0.28
Chlorosulphonic Acid				
Electricity	Units/Tonne	35	33	38
Steam	Tonne/Tonne	0.11	0.09	0.10
Caustic Fusion Plant				
Electricity	Units/Tonne	60	63	63
Steam	Tonne/Tonne	0.09	0.05	0.06
Chlorinated Paraffin				
Electricity	Units/Tonne	85	68	88
Steam	Tonne/Tonne	0.08	0.07	0.08

**B. TECHNOLOGY ABSORPTION**

Efforts made in Technology Absorption in Form "B"

**RESEARCH & DEVELOPMENT (R&D)  
FORM "B"**

**1 Specific areas in which R&D carried out by the Company:****Viscose Staple Fibre Units**

- Key Technology programmes were developed in the areas of fibre and cellulose pulp quality, enhanced product performance, reduced production cost and improved environmental sustainability
- A number of programmes aimed at enhanced fibre product performance were launched for dyed fibres, higher wet modulus and tenacity products, and the incorporation of high value attributes into viscose staple fibres
- Development of fire resistant Fibre in collaboration with technology supplier

**Chemical Unit**

- Set up a pilot plant for Chlorinated Paraffin application to make Poly Vinyl Chloride (PVC) compounds

**2 Future Plan of Action****Viscose Staple Fibre Units**

- Development of R&D infrastructure and strengthening R&D team with required capabilities and experiences
- Continuous programme to improve processes and quality
- A multi-disciplinary approach to create sustainable and eco-efficient forestry

**Chemical Unit**

- A pilot plant for brine treatment to be set at Nagda unit for testing the quality of brine, using salt from different sources and varying impurities level in the salt
- A pilot scale electrolyser in collaboration with UHDE-Germany is being set up at Aditya Birla Science & Technology Company Ltd. (ABSTCL) to develop optimum operational standards
- A Pilot scale plant being set up based on Oxyzen Depolarized Cathode (ODC) technology for achieving lower energy consumption

**3 Expenditure on R&D****Expenditure****₹ in Crore**

a. Capital	12.36
b. Recurring	13.73
	<b>26.09</b>
c. Total R&D Expenditure as a percentage of turnover	0.50%

**4 Technology Absorption, Adoption and Innovation**

The Company continuously strives to adopt latest technology for improving productivity, product quality and reducing consumption of scarce raw material, energy and other inputs.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

The Company is exporting Viscose Staple Fibre, Chemicals, Textiles and Plant and Machinery, and has taken successful initiatives for increasing exports.

- (a) Activities related to Exports  
Exports on F.O.B. basis during the year : ₹ 1,263.14 crore
- (b) Total Foreign Exchange used and earned  
Foreign Exchange used : ₹ 1,828.61 crore  
Foreign Exchange earned : ₹ 1,284.48 crore



### Section A: General Information about the Company

1. Corporate Identity Number (CIN) of the Company : L17124MP1947PLC000410
2. Name of the Company : GRASIM INDUSTRIES LIMITED
3. Registered Address : BIRLAGRAM, NAGDA - 456331 (M.P.)
4. Website : www.grasim.com
5. E-mail ID : grasim.brr@adityabirla.com
6. Financial Year Reported : April 1, 2012 – March 31, 2013
7. Sector(s) that the Company is engaged in (industrial activity code-wise):

Sectors	Industrial Activity Code			
	Group	Class	Sub-Class	Description
Fibre	203	2030	20302	Manufacture of synthetic or artificial staple fibre not textured
Pulp	170	1701	17011	Manufacture of rayon grade pulp
Chemicals	201	2011	20116	Manufacture of basic chemical elements
Textiles	131	1311	13113	Preparation and spinning of wool, including other animal hair and blended wool including other animal hair

8. List three key products/services that the Company manufactures/provides (as in the Balance Sheet) : i) Viscose Staple Fibre  
ii) Rayon Grade Pulp  
iii) Caustic Soda & allied Chemicals/ ECU (Electro Chemical Unit)
9. Total number of locations where business activity is undertaken by the Company
  - i. Number of International Locations : On a standalone basis, Grasim does not have any manufacturing Unit outside India.
  - ii. Number of National Locations : 8
10. Markets served by the Company – Local/State/National/International : National and International

### Section B: Financial Details of the Company

1. Paid-up Capital (INR) : ₹ 91.78 crore
2. Total Turnover (INR) : ₹ 5,689.58 crore
3. Total Profit After Taxes (INR) : ₹ 1,225.99 crore
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit After Tax (%) : ₹ 25.30 crore (2.13%)  
(based on average net profit of last 3 years)  
CSR activities are being undertaken under the aegis of Aditya Birla Centre for Community Initiatives and Rural Development spearheaded by Mrs. Rajashree Birla, Director of the Company
5. List of activities in which expenditure in 4 above has been incurred:- : Towards poverty alleviation and inclusive growth on:  
a) Healthcare  
b) Education

- c) Sustainable Livelihood
- d) Infrastructure Supporting
- e) Social Reform

### Section C: Other Details

1. Does the Company have any Subsidiary Company/Companies? : Yes, the Company has 5 direct subsidiaries and its subsidiary, UltraTech Cement Limited, has 17 subsidiaries.
2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary company(s) : The subsidiary companies conduct their CSR activities under the aegis of Aditya Birla Centre for Community Initiatives and Rural Development.
3. Do any other entity/entities (e.g. suppliers, distributors, etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities [Less than 30%, 30-60%, More than 60%] : No.

### Section D: BR Information

#### 1. Details of Director/Directors Responsible for BR

##### a) Details of the Director responsible for implementation of the BR policies

- DIN Number : 00017572
- Name : Mr. K.K. Maheshwari
- Designation : Managing Director

##### b) Details of the BR Head

S. No.	Particulars	Details
1. DIN Number (if applicable)	—	—
2. Name	Dr. Prakash Maheshwari	Mr. K.C. Jhanwar
3. Designation	Group Executive President, Chief Operating Officer (India) & Head (Projects) (Pulp & Fibre Business)	Group Executive President (Chemical Business)
4. Telephone Number	022 - 67499411	022 - 61980401
5. E-mail ID	<a href="mailto:prakash.maheshwari@adityabirla.com">prakash.maheshwari@adityabirla.com</a>	<a href="mailto:kailash.jhanwar@adityabirla.com">kailash.jhanwar@adityabirla.com</a>

## 2. Principle-wise (as per NVGs) BR Policy/Policies (Reply in Y/N)

Business should:-

- P1** conduct and govern themselves with Ethics, Transparency and Accountability. (*Business Ethics*)
- P2** provide goods and services that are safe and contribute to sustainability throughout their life circle. (*Product Responsibility*)
- P3** promote the well-being of all employees. (*Well-being of Employees*)
- P4** respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised. (*Stakeholder Engagement and CSR*)
- P5** respect and promote human rights. (*Human Rights*)
- P6** respect, protect and make efforts to restore the environment. (*Environment*)
- P7** act and engage in a responsible manner while influencing public and regulatory policy, should do so in a responsible manner. (*Public Policy*)
- P8** support inclusive growth and equitable development. (*CSR*)
- P9** engage with and provide value to their customers and consumers in a responsible manner. (*Customer Relations*)

S. No.	Questions	Business Ethics	Product Responsibility	Well-being of Employees	Stakeholder Engagement and CSR	Human Rights	Environment	Public Policy	CSR	Customer Relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national/international standards? If yes, specify (50 words)	Y	Y	Y	Y	Y	Y	Y	Y	Y
		Grasim's Sustainable Development and CSR Policy, including governance is based on National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business as issued by Ministry of Corporate Affairs, Government of India, in July, 2011								
4.	Has the policy being approved by the Board? Is yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y

S. No.	Questions	Business Ethics	Product Responsibility	Well-being of Employees	Stakeholder Engagement and CSR	Human Rights	Environment	Public Policy	CSR	Customer Relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
6.	Indicate the link for the policy to be viewed online	*	-	*	*	-	-	-	*	-
		<a href="http://www.grasim.com/">www.grasim.com/</a> <a href="http://www.adityabirla.com/grasim">www.adityabirla.com/grasim</a> *view restricted to employees								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	The policies have been communicated to key internal stakeholders. The communication is an on-going process to cover all the internal and external stakeholders.								
8.	Does the Company have in-house structure to implement the policy/policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		Internal Auditor of the Company from time to time reviews implementation of these policies.								

2a. If answer to S.No. 1 against any principle, is 'No', please explain why:  
(Tick up to 2 options)

S. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the Principles	NOT APPLICABLE								
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The Company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next 6 months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason (please specify)									

### 3. Governance related to BR

- **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year**

By the CSR Committee on a periodical basis.

- **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

No, the Company does not publish a BR or a Sustainability Report.

### Section E: Principle-wise Performance

#### Principle 1 – Business should conduct and govern themselves with Ethics, Transparency and Accountability

1. **Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

The Company's governance structure guides the organisation keeping in mind its core values of Integrity, Commitment, Passion, Seamlessness and Speed. The Corporate Principles and the Code of Conduct are applicable to all the employees of the Company.

It has also established "Value Systems" across all its businesses.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? *If so, provide details thereof, in about 50 words or so.***

No stakeholder complaint was received during the year.

#### Principle 2 – Businesses should provide goods and services that are safe and contribute to sustainability throughout their life circle

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities:**

The 3 products are Viscose Staple Fibre, Rayon Grade Pulp and Chemicals. The Company understands its obligations relating to social and environmental concerns, risks and opportunities. Accordingly, the Company has devised the manufacturing processes of these products, factoring social and environmental concerns.

The Company's plants, in respect of the above products, are ISO 14001 EMS certified. The plants at Nagda are also OHSAS-18001 and SA-8000 certified. The Harihar Plant is also OHSAS-18001 certified.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material, etc.) per unit of product (optional)**

- i. **Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?**

The Company has worked towards cost optimization, optimization of logistics, reduction in input consumption ratio in the processes and has reduced the consumption of major inputs including energy, water, etc., by adoption of new techniques and alternate methods.

- ii. **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

The details of reduction during usage by the consumers are not available with the Company.

3. **Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? *Also, provide details thereof, in about 50 words or so.***

The Company has built up highly integrated horizontal and vertical integration processes in its operations. All the major inputs under the Company's control are sourced sustainably. The internal processes and procedures ensure adequate safety during transportation and optimisation of logistics, which, in turn, help to mitigate climate change.

With respect to wood procurement, which is one of the important inputs for manufacture of pulp, the Company distributes annually about 1.5 crore Pulp Wood seedlings to farmers for plantation. The Company has also invested in Joint Ventures abroad so as to ensure sustainable supply of wood pulp, a major raw material. It also procures pulp from certified sources outside India having the Forest Stewardship Council Certificate. The inputs used for manufacture of the Chemical Products are sourced through sustainable vendors.

**4. Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

The Company fosters local and small suppliers for procurement of the goods and services including communities in proximity to its plant locations. It has also encouraged setting up of many ancillary units around its plants. Training and technical support is being provided to them to improve and build their capability, and to educate and raise their standards.

**5. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as < 5%, 5-10%, > 10%). Also, provide details thereof, in about 50 words or so.**

The Company believes in 3-R Principles (Reduce, Recycle and Reuse). It recycles products and waste in the range of around 10% at its various locations.

Waste Water Recycling is also being done across all its locations.

**Principle 3 – Businesses should promote the well-being of all employees**

1. Please indicate the total number of employees : 7,332
2. Please indicate the total number of employees hired on temporary/contractual/casual basis : 4,488
3. Please indicate the number of permanent women employees : 88
4. Please indicate the number of permanent employees with disabilities : 26
5. Do you have an employee association that is recognised by the management : Yes
6. What percentage of your permanent employees is members of this recognised employee association? : Practically all the workers are members of the recognised employees' association.
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year : Nil

S.No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1.	Child labour/forced labour/involuntary labour	Nil	Nil
2.	Sexual Harassment	Nil	Nil
3.	Discriminatory Employment	Nil	Nil



**8. What percentage of your under mentioned employees were given safety and skill upgradation training in the last year?**

Category of Employees	Safety Training*	Skill Upgradation
Permanent Employees	100%	80%
Permanent Women Employees	100%	80%
Casual/Temporary/Contractual Employees	100%	80%
Employees with Disabilities	100%	100%

\* 100% Safety training is imparted at the time of joining

**Principle 4 – Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised**

**1. Has the Company mapped its internal and external stakeholders? Yes/No**

Yes.

**2. Out of the above, has the Company identified the disadvantaged, vulnerable and marginalised stakeholders?**

The Company has identified the disadvantaged, vulnerable and marginalised stakeholders, namely, the communities in and around its manufacturing sites through socio-demographic data of the community through base line surveys.

**3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders. If so, provide details thereof, in about 50 words or so.**

The Company endeavors to bring in inclusive growth are channelised through the Aditya Birla Centre for Community Initiatives and Rural Development, of which, the Company's Director, Mrs. Rajashree Birla, is the Chairperson.

Several initiatives such as health care, education, infrastructure, watershed management, safe drinking water and sanitation, sustainable livelihood, self-help groups and income generation, etc., are extended to the Company's contract workers and people living near to its manufacturing units.

The safety of the workers is of utmost importance and a culture of safety is brought in, not just for the Company's staff but also for the contract workers, etc., through the training programmes.

**Principle 5 – Businesses should respect and promote human rights**

**1. Does the policy of the Company on human rights cover only the Company or extend to the Group/ Joint Ventures/Suppliers/Contractors/NGOs/Others?**

The Policy covers the Company and its subsidiaries.

**2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

Nil.

**Principle 6 – Businesses should respect, protect and make efforts to restore the environment**

**1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others**

The Policy covers the Company and its subsidiaries.

**2. Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage, etc.**

Yes, the Company is committed to address issues of global warming and reduction of emissions.  
[http://www.grasim.com/investors/downloads/Environment%20Report\\_2012-13.pdf](http://www.grasim.com/investors/downloads/Environment%20Report_2012-13.pdf).

**3. Does the Company identify and assess potential environmental risks? Y/N**

Yes, the Company regularly assesses the environmental risks emanating from its operations. The Company's plants are ISO 14001 EMS certified. The plants at Nagda are also OHSAS-18001 and SA-8000 certified. The Plant at Harihar is also OHSAS-18001 certified.

**4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?**

The Company has undertaken various projects on Clean Development Mechanism (CDM) and is in the process of getting them registered.

**5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page, etc.**

Yes, the Company has taken several initiatives on clean technology, energy efficiency, renewable energy, etc. These include adoption of energy efficient ejector system for sodium sulphate production and replacement of Centrifugal Chiller by Energy Efficient Chiller at Nagda, Oil Recycling and E-Waste Recycling to authorised recyclers.

**6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/ SPCB for the financial year being reported?**

Yes, the emissions/waste generated by the Company are within the permissible limits given by CPCB/SPCB.

**7. Number of show cause/legal notices received from CPCB/SPCB, which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

Nil.

**Principle 7 – Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

**1. Is your Company/Unit a member of any trade and chamber or association? If yes, name only those major ones that your business deals with.**

The Company is a Member of:

- a. Federation of Indian Chambers of Commerce and Industry, New Delhi
- b. Associated Chambers of Commerce and Industry of India, New Delhi
- c. Confederation of Indian Industry, Mumbai
- d. National Safety Council, Mumbai
- e. The Synthetics Rayon & Textile Export Promotion Council, Indore
- f. Federation of Indian Export Organizations, Mumbai
- g. Alkali Manufacturing Association of India, New Delhi

**2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/ No; if yes, specify the broad areas (Drop Box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food Security, Sustainable Business Principles, Others).**

Yes, the broad areas are Water, Environment and Energy issues and Sustainable Business.

**Principle 8 – Businesses should support inclusive growth and equitable development****1. Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof.**

Yes, the Company has formulated a well-defined CSR policy, which focuses on the following major areas:

1. Health
2. Education
3. Sustainable Livelihood Development
4. Infrastructure Support
5. Social Reform

**2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organisation?**

The programmes/projects are undertaken through In-house teams/our foundation as well as in partnership with non-governmental organisations (NGOs) and governmental institutions.

**3. Have you done any impact assessment of your initiative?**

Yes, the Company has conducted impact assessment of its CSR initiatives and has seen positive outcomes and benefits for the people in and around the Company's plants.

**4. What is your Company's direct contribution to community development projects – Amount in INR and the details of the projects undertaken?**

The Company has spent an amount of ₹25.30 crore on CSR activities mainly on education, health care, sustainable livelihood, infrastructure development, and to bring about social change by advocating and supporting various social campaigns and programmes.

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

Yes, the Company has taken steps to ensure that the Community Development Initiatives benefit the Community. Projects evolve out of the felt needs of the communities and they are engaged in the implementation of the welfare driven initiatives, as well.

**Principle 9 – Businesses should engage with and provide value to their customers and consumers in a responsible manner****1. What percentage of customer complaints/consumer cases are pending as on the end of the financial year?**

The Company has a well-defined system of addressing customer complaints. All complaints are appropriately addressed and resolved.

**2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./N Remarks (additional information).**

Yes, the Company displays product information on the product label. The Company also has a website which provides information about products and its usage.

**3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of the financial year. If so, provide details thereof, in about 50 words or so.**

An enquiry is being conducted by Competition Commission of India (CCI) against the Manmade Fibre Industries for alleged abuse of dominance. The Company believes that it has not indulged in any such activity and is defending its case.

**4. Did your Company carry out any consumer survey/consumer satisfaction trends?**

Yes, Consumer Satisfaction Surveys are being conducted periodically to assess the consumer satisfaction.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GRASIM INDUSTRIES LIMITED****Report on the Financial Statements**

We have audited the accompanying financial statements of **GRASIM INDUSTRIES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended in which are incorporated the returns from Vikram Woollens Division, audited by the branch auditors and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"), and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by Section 227(3) of the Act, we report that:

- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the Division audited by branch auditor; whose report has been forwarded to us and has been dealt with by us in preparing this report.
- (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and the audited Branch Returns.
- (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
- (e) On the basis of the written representations received from the directors as on 31st March, 2013, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2013, from being appointed as a director in terms of Section 274(1)(g) of the Act.

For **DELOITTE HASKINS & SELLS**

Chartered Accountants

(Firm Registration No. 117366W)

**B.P. Shroff**

**Partner**

Membership No. 34382

Mumbai, 4th May, 2013

For **G.P. KAPADIA & Co.**

Chartered Accountants

(Firm Registration No. 104768W)

**Atul B. Desai**

**Partner**

Membership No. 30850

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**ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GRASIM INDUSTRIES LIMITED**

**(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date of Grasim Industries Limited for the year ended 31st March, 2013)**

- (i) Having regard to the nature of the Company's business/activities/results during the year, clauses (x) regarding cash loss incurred by the Company, (xiii) regarding chit fund, nidhi/mutual benefit fund/societies, and (xiv) regarding dealing or trading in shares, securities, debentures and other investments are not applicable to the Company.
- (ii) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - (b) The fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventories:
  - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals, except stocks lying with third parties, for which confirmations have been obtained from those parties.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, during the year.
- (v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services, and during the course of our audit, we have not observed any major weaknesses in such internal control system.
- (vi) To the best of our knowledge and belief and according to the information and explanations given to us, there were no contracts or arrangements that needed to be entered in the Register maintained under Section 301 of the Companies Act, 1956.
- (vii) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year in terms of the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956.
- (viii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (ix) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011, prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956, and are of the opinion that, *prima facie*, the prescribed

cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

- (x) According to the information and explanations given to us, in respect of statutory dues:
- The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
  - There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2013, for a period of more than six months from the date they became payable.
  - Details of dues of Income-tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2013, on account of disputes are given below:

Name of the statute (Nature of dues)	Forum where dispute is pending	Amount involved (₹ in Crore)	Period to which the amount relates (Financial Year)
Sales Tax Act and Value Added Tax Act (Sales Tax)	High Court	0.01	2008 – 2009
Entry Tax Act	High Court	4.28	2004 – 2012
Customs Act, 1962 (Customs Duty and Interest)	High Court	0.21	2001 – 2002
	Assessing Authorities	1.18 1.03 0.09	1985 – 1986 2004 – 2006 2006 – 2012
Central Excise Act, 1944 (Excise Duty and Interest)	Supreme Court	0.25	2001 – 2002
	High Court	0.82 0.40 0.05	1997 – 2000 2002 – 2003 2007 – 2008
	Appellate Authorities	0.09 1.56	2004 – 2005 2011 – 2012
	Assessing Authorities	0.07 0.96	2006 – 2007 2007 – 2008
Service Tax under the Finance Act, 1994 (Service Tax, Interest and Penalty)	High Court	0.01	2009 – 2010
	Appellate Authorities	0.04 0.54 0.02	2006 – 2007 2009 – 2010 2011 – 2012
	Assessing Authorities	1.08 1.37	2008 – 2009 2011 – 2012
Cess under various Acts (Cess and Interest)	High Court	6.00 0.49	1986 – 1987 1988 – 1989
	Appellate Authorities	0.10	1978 – 1980

- (xi) In our opinion and according to the information and explanations given to us and based on the records of the Company, the Company has not defaulted in the repayment of dues to banks and financial institutions.
- (xii) In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by a Subsidiary and a Joint Venture from banks and financial institutions are not, *prima facie*, prejudicial to the interests of the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained.
- (xv) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, *prima facie*, not been used during the year for long-term investment.
- (xvi) According to the information and explanations given to us, during the period covered by our audit report, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xvii) According to the information and explanations given to us, during the period covered by our audit report, the Company has not issued debentures.
- (xviii) According to the information and explanations given to us, the Company has not raised any money by way of public issue during the year.
- (xix) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year nor have we been informed of such case by the management.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm Registration No. 117366W)

**B.P. Shroff**  
**Partner**  
Membership No. 34382  
Mumbai, 4th May, 2013

For **G.P. KAPADIA & Co.**  
Chartered Accountants  
(Firm Registration No. 104768W)

**Atul B. Desai**  
**Partner**  
Membership No. 30850

**TO THE MEMBERS OF GRASIM INDUSTRIES LIMITED**

We have examined the compliance of the conditions of Corporate Governance by Grasim Industries Limited for the year ended on March 31, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of the condition of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **G.P. KAPADIA & CO.**  
Chartered Accountants  
(Registration No. 104768W)

**Atul B. Desai**  
**Partner**  
Membership No. 30850

Place: Mumbai  
Date: 4th May, 2013

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**GRASIM INDUSTRIES LIMITED**  
**BALANCE SHEET AS AT 31st MARCH, 2013**

₹ in Crore

	Note	Current Year	Previous Year
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2.1	<b>91.79</b>	91.72
Reserves and Surplus	2.2	<b>10,030.07</b>	9,007.67
		<b>10,121.86</b>	9,099.39
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	2.3	<b>980.92</b>	567.34
Deferred Tax Liabilities (Net)	2.4	<b>343.91</b>	239.24
Other Long-Term Liabilities	2.5	<b>12.91</b>	12.12
Long-Term Provisions	2.6	<b>43.44</b>	39.04
		<b>1,381.18</b>	857.74
<b>Current Liabilities</b>			
Short-Term Borrowings	2.7	<b>190.82</b>	63.00
Trade Payables	2.8	<b>345.69</b>	295.05
Other Current Liabilities	2.9	<b>539.65</b>	290.06
Short-Term Provisions	2.10	<b>472.57</b>	430.83
		<b>1,548.73</b>	1,078.94
<b>TOTAL</b>		<b>13,051.77</b>	11,036.07
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets	2.11		
Tangible Assets		<b>2,070.25</b>	1,547.11
Intangible Assets		<b>1.71</b>	1.42
Capital Work-in-Progress		<b>2,425.09</b>	476.94
		<b>4,497.05</b>	2,025.47
Non-Current Investments	2.12	<b>4,518.81</b>	4,474.45
Long-Term Loans and Advances	2.13	<b>439.45</b>	614.27
		<b>9,455.31</b>	7,114.19
<b>Current Assets</b>			
Current Investments	2.14	<b>1,705.62</b>	2,355.29
Inventories	2.15	<b>789.34</b>	630.91
Trade Receivables	2.16	<b>516.63</b>	509.23
Cash and Bank Balances	2.17	<b>16.27</b>	11.02
Short-Term Loans and Advances	2.18	<b>542.01</b>	391.87
Other Current Assets	2.19	<b>26.59</b>	23.56
		<b>3,596.46</b>	3,921.88
<b>TOTAL</b>		<b>13,051.77</b>	11,036.07

Significant Accounting Policies

1

Accompanying Notes are an integral part of the Financial Statements

In terms of our report attached

For DELOITTE HASKINS & SELLS,  
Chartered AccountantsFor G.P. KAPADIA & CO.,  
Chartered Accountants

For GRASIM INDUSTRIES LIMITED

K.K. Maheshwari  
Managing DirectorB.V. Bhargava  
M.L. Apte  
DirectorsB.P. Shroff  
PartnerAtul B. Desai  
PartnerAdesh Gupta  
Whole-time Director & CFOMumbai  
Dated: 4th May, 2013Ashok Malu  
Company Secretary



**GRASIM INDUSTRIES LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2013**

₹ in Crore

	Note	Current Year	Previous Year
<b>REVENUE</b>			
Sale of Products and Services (Gross)	3.1	5,661.13	5,260.44
Other Operating Revenues	3.2	73.64	97.28
		<b>5,734.77</b>	5,357.72
Less: Excise Duty		<b>479.76</b>	384.16
<b>Revenue from Operations (Net)</b>		<b>5,255.01</b>	4,973.56
Other Income	3.3	<b>434.57</b>	463.46
<b>Total Revenue (I)</b>		<b>5,689.58</b>	5,437.02
<b>EXPENSES</b>			
Cost of Materials Consumed	3.4	2,609.41	2,405.33
Purchases of Stock-in-Trade	3.5	4.87	15.70
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	3.6	(26.56)	(132.10)
Employee Benefits Expense	3.7	373.67	331.76
Power and Fuel		714.33	675.68
Freight and Handling Expenses		82.99	67.99
Other Expenses	3.8	437.99	373.41
		<b>4,196.70</b>	3,737.77
Less: Captive Consumption [Net of Excise Duty of ₹ 3.71 Crore (Previous Year ₹ 2.56 Crore)]		<b>29.87</b>	22.56
<b>Total Expenses (II)</b>		<b>4,166.83</b>	3,715.21
<b>Profit Before Interest, Depreciation/Amortisation and Tax (PBIDT) (I) - (II)</b>		<b>1,522.75</b>	1,721.81
Finance Costs	3.9	39.09	35.82
Depreciation and Amortisation	2.11.5	159.21	144.20
<b>Profit Before Exceptional Item and Tax</b>		<b>1,324.45</b>	1,541.79
Add: Exceptional Item	3.11	204.43	-
<b>Profit Before Tax</b>		<b>1,528.88</b>	1,541.79
Tax Expense			
Current Tax		265.01	356.61
MAT Credit		(63.61)	-
Provision for Tax of earlier years written back		(3.18)	(1.24)
Deferred Tax		104.67	9.42
<b>Total Tax Expense</b>		<b>302.89</b>	364.79
<b>Profit For The Year</b>		<b>1,225.99</b>	1,177.00
<b>Earnings Per Equity Share (Face Value ₹ 10 each)</b>	3.12		
Basic (₹)		133.62	128.33
Diluted (₹)		133.51	128.22

Significant Accounting Policies

1

Accompanying Notes are an integral part of the Financial Statements

In terms of our report attached

For DELOITTE HASKINS & SELLS,  
Chartered AccountantsFor G.P. KAPADIA & CO.,  
Chartered Accountants

For GRASIM INDUSTRIES LIMITED

K.K. Maheshwari  
Managing DirectorB.V. Bhargava  
M.L. Apte  
DirectorsB.P. Shroff  
PartnerAtul B. Desai  
PartnerAdesh Gupta  
Whole-time Director & CFOMumbai  
Dated: 4th May, 2013Ashok Malu  
Company Secretary

## CASH FLOW STATEMENT

Grasim Industries Limited - Annual Report 2012-2013

**GRASIM INDUSTRIES LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013**

₹ in Crore

	Current Year	Previous Year
<b>A. Cash Flow from Operating Activities</b>		
a. Profit Before Tax	1,528.88	1,541.79
Adjustment for:		
Depreciation and Amortisation	159.21	144.20
Finance Costs	39.09	35.82
Interest Income	(28.73)	(41.33)
Dividend Income	(216.36)	(212.61)
Provision for Bad and Doubtful Debts	0.21	0.55
Provision for Diminution in Value of Long-Term Investments	0.05	-
Employee Compensation Expenses under Employee Stock Option Scheme	1.00	1.96
Profit on Sale of Fixed Assets (Net)	(0.91)	(0.83)
Profit on Sale of Investments (Net)	(149.92)	(156.68)
Profit on Sale of Long-Term Investments (Exceptional Item) (Note 3.11)	(204.43)	-
b. Operating Profit Before Working Capital Changes	1,128.09	1,312.87
Adjustment for:		
Trade and Other Receivables	(168.91)	(89.20)
Inventories	(158.43)	(209.26)
Trade and Other Payables	264.66	140.23
c. Cash Generated from Operations	1,065.41	1,154.64
Direct Taxes Paid (Net)	(216.84)	(366.84)
Cash from Operating Activities	848.57	787.80
<b>Net Cash from Operating Activities</b>	<b>848.57</b>	<b>787.80</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(2,397.90)	(1,018.50)
Sale of Fixed Assets	8.01	5.53
Investment in Subsidiaries	-	(0.05)
Investment in Joint Ventures and Associates	(186.89)	(353.02)
Sale of Long-Term Investments	221.60	-
Sale/(Purchase) of Mutual Fund Units, Bonds and Certificate of Deposits (Net)	924.90	590.26
Loans and Advances to Subsidiaries, Joint Ventures and Associates	19.71	(7.45)
Intercompany Deposits	6.00	70.00
Interest Received	31.23	37.37
Dividend Received	216.36	212.61
<b>Net Cash Used in Investing Activities</b>	<b>(1,156.98)</b>	<b>(463.25)</b>
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from Issue of Share Capital under ESOS (Net)	10.19	1.67
Proceeds from Long-Term Borrowings	537.10	168.90
Repayments of Long-Term Borrowings	(89.38)	(264.00)
Proceeds/(Repayment) of Short-Term Borrowings	127.82	1.08
Interest Paid (Net of Interest Subsidy)	(54.23)	(39.11)
Dividends Paid	(205.82)	(183.06)
Corporate Dividend Tax	(12.02)	(13.66)
<b>Net Cash from/(used in) Financing Activities</b>	<b>313.66</b>	<b>(328.18)</b>
<b>D. Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>5.25</b>	<b>(3.63)</b>
<b>Cash and Cash Equivalents at the Beginning of the Year</b>	<b>11.02</b>	<b>14.65</b>
<b>Cash and Cash Equivalents at the End of the Year</b>	<b>16.27</b>	<b>11.02</b>
(Cash and Cash Equivalents represent Cash and Bank Balances)		

**Notes:**

- (i) Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard - 3.  
(ii) Cash and Cash Equivalents include ₹ 10.18 Crore (Previous Year ₹ 9.63 Crore) which are statutorily and contractually restricted accounts.  
(iii) Previous year figures have been regrouped/recasted wherever necessary.

In terms of our report attached

For DELOITTE HASKINS & SELLS,  
Chartered AccountantsFor G.P. KAPADIA & CO.,  
Chartered Accountants

For GRASIM INDUSTRIES LIMITED

K.K. Maheshwari  
Managing DirectorB.V. Bhargava  
M.L. Apte  
DirectorsB.P. Shroff  
PartnerAtul B. Desai  
PartnerAdesh Gupta  
Whole-time Director & CFOMumbai  
Dated: 4th May, 2013Ashok Malu  
Company Secretary

**GENERAL INFORMATION**

Grasim Industries Limited (the "Company") is engaged primarily in two businesses, Viscose Staple Fibre (VSF) and in Cement, through its subsidiary. It also produces Rayon Grade Pulp, Caustic Soda and allied Chemicals, which are used in the manufacture of VSF. The manufacturing plants of the Company, its Subsidiaries and Joint Ventures are located in India, Canada, Sweden, China, Middle East, Sri Lanka and Bangladesh. The Company is a public limited company and its shares are listed on the Bombay Stock Exchange (BSE), India, and the National Stock Exchange (NSE), India, and the Company's GDRs are listed on the Luxembourg Stock Exchange.

**1. SIGNIFICANT ACCOUNTING POLICIES****1.1 Basis of Preparation:**

The financial statements have been prepared and presented in accordance with the Generally Accepted Accounting Principles (GAAP) in India under historical cost convention on accrual basis and comply in all material aspects with the Accounting Standards (AS) and the relevant provisions prescribed in the Companies Act, 1956, besides the pronouncements/guidelines of the Institute of Chartered Accountants of India (ICAI) and of the Securities and Exchange Board of India (SEBI).

**1.2 Classification of Assets and Liabilities as Current and Non-Current:**

All assets and liabilities are classified as current or non-current as per the Company's normal operating cycle, and other criteria set out in Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, 12 months period has been considered by the Company as its normal operating cycle for the purpose of current-non-current classification of assets and liabilities.

**1.3 Use of Estimates:**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and reported amount of revenues and expenses during the reporting period and the disclosures relating to contingent liabilities as of the date of the Financial Statements. Although these estimates are based on the management's best knowledge of current events and actions, the actual outcome may be different from the estimates. Difference between actual results and estimates are recognised in the period in which the results are known or materialise.

**1.4 Government Grants:**

Any government grant is recognised when there is reasonable assurance of its receipt. A capital grant relating to specific assets is reduced from the gross value of the fixed assets, and capital grant for Project Capital Subsidy is credited to Capital Reserve. Revenue grant is recognised in the Statement of Profit and Loss.

**1.5 General Reserve:**

General Reserve is created by appropriation from profits of the current year and/or undistributed profits of previous years, before declaration of dividend duly complying with any regulations in this regard. The General Reserve is a free reserve and can be utilised in accordance with the provisions of the Companies Act, 1956.

**1.6 Fixed Assets:**

Fixed assets (Tangible and Intangible) are stated at cost, less accumulated depreciation/amortisation. Cost comprises the purchase price and any attributable cost of bringing the asset to its location and working condition for its intended use. Fixed Assets retired from active use and held for sale are stated at lower of their net book value and net realisable value and are disclosed separately in the Financial Statements under Current Assets.

**1.7 Treatment of Expenditure during Construction Period:**

Expenditure during construction period is included under capital work-in-progress and the same is allocated to the respective fixed assets on the completion of construction.

**1.8 Impairment of Assets:**

Carrying amount of assets is reviewed at the Balance Sheet date if there is any indication of impairment based on the internal and external factors. The assets are treated as impaired when the carrying amount of the asset exceeds its recoverable amount.

An impairment loss, if any, is charged to the Statement of Profit and Loss as and when it arises. Impairment loss recognised in prior years is reversed when there is an indication that impairment loss recognised for the asset no longer exists or may have decreased.

**1.9 Investments:**

Long-term investments are stated at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of investments, such reduction being determined and made for each investment individually.

Current investments, except current maturities of Long-term investments, are stated at lower of cost and fair value determined for each category of investments.

**1.10 Inventories:**

Inventories are valued at the lower of cost and net realisable value. The cost is computed on weighted-average basis. In case of sale of raw material/stores the proceeds are credited to their respective heads.

Cost of finished goods and process stock include cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. In the absence of cost, waste/scrap is valued at estimated net realisable value.

Obsolete, defective, slow moving and/or unserviceable inventories, if any, are duly provided for.

**1.11 Financial Derivatives:**

Financial derivative instruments, such as swaps and options, are meant to hedge risks associated with fluctuations in foreign exchange and interest rates, and accordingly are closely linked with the underlying transactions and are intended to be held to maturity. The underlying transactions are recorded as per the terms of the financial derivative contracts.

**1.12 Revenue Recognition:**

Sales revenue is recognised on transfer of the significant risks and rewards of ownership of the goods to the buyer and stated net of sales tax, VAT, trade discounts and rebates but includes excise duty.

Income from services is recognised as they are rendered (based on agreement/arrangement with the concerned customers).

Dividend income on investments is accounted for as and when the right to receive the payment is established.

Interest income is recognised on time-proportion basis.

Export or other government incentives, insurance claims and other claims, where quantum of accruals cannot be ascertained with reasonable certainty, are accounted on acceptance basis.

Profit on sale of investments is recorded on transfer of title from the Company and is determined as the difference between the sale price and carrying value of investment and other incidental expenses.

**1.13 Employee Benefits:****Short-Term Employee Benefits**

Short-term employee benefits are recognised as an expense on accrual basis.

**Defined Contribution Plan**

Contribution payable to recognised provident fund and approved superannuation scheme, which are substantially defined contribution plans, are recognised as expense in the Statement of Profit and Loss, as they are incurred.

The Provident Fund contribution as specified under the law is paid to the Provident Fund set-up as an irrevocable trust by the Company or to the Regional Provident Fund Commissioner. The Company is liable

for any shortfall in the Fund assets based on the Government specified minimum rates of return. Such shortfall, if any, is recognised in the Statement of Profit and Loss as an expense in the year incurred.

#### **Defined Benefit Plan**

The obligation in respect of defined benefit plans, which covers Gratuity and Pension are provided for on the basis of an actuarial valuation at the end of each financial year. Gratuity is funded with an approved fund. Actuarial gains/losses, if any, are recognised immediately in the Statement of Profit and Loss.

#### **Other Long-Term Benefits**

Long-term compensated absences are provided for on the basis of an actuarial valuation at the end of each financial year. Actuarial gains/losses, if any, are recognised immediately in the Statement of Profit and Loss.

#### **Employee Share-Based Payments**

The stock options granted under Employee Stock Option Scheme, 2006, are accounted for as per the accounting treatment prescribed by the Securities and Exchange Board of India, whereby the intrinsic value of options is recognised as deferred employee compensation. The deferred employee compensation is charged to the Statement of Profit and Loss on the straight-line basis over the vesting period of the option. The employee stock option outstanding account is shown net of any unamortised deferred employee compensation.

### **1.14 Foreign Currency Transactions and Translation:**

Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities in foreign currency existing at the Balance Sheet date are translated at the year-end exchange rates.

Exchange differences, including premium or discount on forward exchange contracts, arising till the commissioning of fixed assets, relating to borrowed funds and liabilities in foreign currency for acquisition of the fixed assets, are adjusted to the cost of fixed assets. All other exchange differences are recognised in the Statement of Profit and Loss.

The premium or discount on forward exchange contracts entered into to hedge an existing asset/liability is amortised as expense or income over the life of the contract. Any gain or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense, as the case may be, on such occurrence.

Forward exchange contracts entered to hedge firm commitment and outstanding as at the year end are marked to market. In accordance with the announcement by the Institute of Chartered Accountants of India on 'Accounting for Derivatives', the marked to market losses, if any, are recognised in the Statement of Profit and Loss while gains are ignored.

Investment in Share Capital of companies registered outside India is carried in the Balance Sheet at the rates at which transactions have been executed.

Exchange difference arising on restatement of long-term monetary items that in substance forms part of the Company's net investment in non-integral foreign operations is accumulated in Foreign Currency Translation Reserve until the disposal of the investment, at which time such exchange difference is recognised in the Statement of Profit and Loss.

### **1.15 Research and Development Expenditure:**

Expenditure incurred during research phase is capitalised if such expenditure leads to creation of any intangible asset, otherwise the expenditure is charged to revenue. Fixed assets procured for research and development activities are capitalised.

### **1.16 Operating Leases:**

Leases, where risk and reward of ownership are significantly retained by the lessor, are classified as operating leases, and lease rentals thereon are charged to the Statement of Profit and Loss equally over the period of the lease.

### **1.17 Borrowing Cost:**

Borrowing cost includes interest and ancillary cost incurred in connection with the borrowings. Borrowing costs, in connection with the borrowing of funds to the extent attributable to the acquisition or construction

of a qualifying fixed asset, are capitalised as part of the cost of such asset till such time the asset is ready for its intended use. All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

### 1.18 Depreciation/Amortisation:

Depreciation/Amortisation charge is provided on fixed assets on written-down-value method in respect of fixed assets of Viscose Staple Fibre Division (excluding Power Plants), Nagda, Engineering Division, Nagda, and Corporate Finance Division, Mumbai, and on Straight-line Method in respect of other assets.

For provision of Depreciation/Amortisation the rates/useful life specified in Schedule XIV to the Companies Act, 1956, are applied except for the following assets where different useful life as stated below is used:

Asset	Estimated Useful Life
Leasehold Land	over the period of lease
Motor Cars	5 years
Computer Software	3 years
Computer and Other Electronic Office Equipment	4 years
Furniture, Fixtures and Electrical Fittings	7 years
Trademarks	10 years

Individual assets costing less than ₹ 5,000 are depreciated in full in the year of acquisition.

Continuous process plants, as defined in Schedule XIV of the Companies Act, 1956, have been classified on technical assessment and depreciation provided accordingly.

In respect of fixed assets, added/disposed off during the year, the depreciation is provided on *pro-rata* basis with reference to the month of addition/deduction, however, in case of new projects the depreciation from the date of commissioning of such project is charged to the Statement of Profit and Loss.

### 1.19 Provision for Current and Deferred Tax:

Provision for Current Tax is made on the basis of estimated taxable income for the current accounting period in accordance with the provisions of the Income Tax Act, 1961.

Deferred Tax resulting from timing difference between book and taxable profit for the year is accounted for using the Tax rates and laws enacted or substantively enacted as on the Balance Sheet Date. The Deferred Tax asset is recognised and carried forward only to the extent there is a reasonable certainty of its realisation in future.

### 1.20 Minimum Alternate Tax (MAT):

MAT is recognised as an asset only when and to the extent there is convincing evidence based on projections that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in the Guidance Note issued by the ICAI, the said asset is created by way of a credit to the Statement of Profit and Loss, and is shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

### 1.21 Provisions/Contingencies:

A provision is recognised when there is a present obligation as a result of past event, and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined (as provided/charged to the Statement of Profit and Loss) based on estimate of the amount required to settle the obligation at the Balance Sheet date and are not discounted to the present value.

Contingent liabilities are not recognised but are disclosed in the financial statements. Claims against the Company, where the possibility of materialisation is remote, are not considered as contingent liabilities.

Contingent assets are neither recognised nor disclosed in the financial statements.



**2.1 SHARE CAPITAL**

		₹ in Crore	
		Current Year	Previous Year
<b>2.1.1 Authorised</b>			
95,000,000 Equity Shares of ₹ 10 each		95.00	95.00
Redeemable Cumulative Preference Shares of ₹ 100 each			
150,000 15% "A" Series		1.50	1.50
100,000 8.57% "B" Series		1.00	1.00
300,000 9.30% "C" Series		3.00	3.00
		<u>100.50</u>	<u>100.50</u>
<b>2.1.2 Issued, Subscribed and Fully Paid</b>			
91,776,533 (91,709,742) Equity Shares of ₹ 10 each fully paid		91.78	91.71
<b>Share Capital Suspense</b>			
14,879 (14,906) Equity Shares of ₹ 10 each to be issued as fully paid-up pursuant to acquiring of Cement Business of Aditya Birla Nuvo Limited under the Scheme of Arrangement without payment being received in cash		0.01	0.01
		<u>91.79</u>	<u>91.72</u>
<b>2.1.3 Reconciliation of the Number of Equity Shares Outstanding (including Share Capital Suspense):</b>			
	<b>Number of Shares</b>		
	Current Year	Previous Year	
Outstanding as at the beginning of the year	91,724,648	91,713,684	91.71
Issued during the year under Employee Stock Option Scheme	66,764	10,964	0.01
Outstanding as at the end of the year	<u>91,791,412</u>	<u>91,724,648</u>	<u>91.72</u>
<b>2.1.4</b>	Aggregate number of Equity Shares allotted as fully paid-up out of Share Capital Suspense Account as aforesaid during the period of five years immediately preceding the reporting date (without payment being received in cash)	378	745
<b>2.1.5 List of Shareholders holding more than 5% shares in the Equity Share Capital of the Company:</b>			
	<b>Current Year</b>	<b>Previous Year</b>	
	No. of Shares	% Holding	No. of Shares
Turquoise Investment and Finance Private Limited	5,908,341	6.44%	5,908,341
Trapti Trading and Investments Private Limited	5,477,863	5.97%	5,477,863
Life Insurance Corporation of India	5,375,364	5.86%	6,512,338
<b>2.1.6</b>	Equity Shares of ₹ 10 each represented by Global Depository Receipts (No voting rights)	12,997,155	14.16%
		10,536,733	11.49%

₹ in Crore

	Current Year	Previous Year
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**2.1.7 Rights, Preferences and Restrictions attached to Equity Shares:**

The Company has only one class of Equity Shares having a par value of ₹ 10 per share. Each holder of Equity Shares is entitled to one vote per share. The Company declares dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the Shareholders.

**2.1.8 152,406 (Previous Year 219,170) Equity Shares of Face Value of ₹ 10 each are reserved for issue under Employee Stock Option Scheme, 2006 (ESOS-2006)**

**2.1.8.1** Under the ESOS-2006, the Company has granted 295,474 Options to its eligible employees in four tranches, the details of which are given hereunder:

	Tranche			
	I	II	III	IV
No. of Options				
Granted	201,530	16,610	71,297	6,037
Grant Date	23rd Aug, 2007	25th Jan, 2008	30th Aug, 2010	2nd June, 2011
Grant Price (₹ Per Share)	1,928	2,885	1,440	1,594
Revised Grant Price*	1,523	2,279	N.A.	N.A.
Market Price on the Date of Grant (₹)	2,728	2,885	2,018	2,330
Method of Accounting	Intrinsic Value			
Graded Vesting Plan	25% every year, commencing one year from the date of grant			
Normal Exercise Period	5 years from the date of vesting			

\* The Grant Price in respect of Tranche I and II was revised in the Financial Year 2010-11 as per the Scheme of Demerger of Cement Business.

₹ in Crore

	Current Year	Previous Year
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**2.1.8.2 Movement of Options Granted**

	<b>Number of Options</b>	
	<b>Current Year</b>	<b>Previous Year</b>
Outstanding at the beginning of the year	<b>219,170</b>	224,570
Granted during the year	-	6,037
Exercised during the year	<b>66,764</b>	10,964
Lapsed during the year	-	473
Outstanding at the end of the year	<b>152,406</b>	219,170
Options : Unvested at the end of the year	<b>40,176</b>	59,510
Exercisable at the end of the year	<b>112,230</b>	159,660

**2.1.8.3 Fair Valuation**

The fair value of options used to compute proforma net income and earnings per equity share has been done by an independent firm of Chartered Accountants on the date of grant using Black-Scholes Model.

The Key assumptions in Black-Scholes Model for calculating fair value as on the date of grant are:

	<b>Tranche</b>			
	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>
Risk-Free Rate	7.78%	7.78%	8.09%	8.09%
Option Life	Vesting Period (1 Year) + Average of Exercise Period			
Expected Volatility	33.00%	36.00%	45.64%	31.73%
Dividend	1.84%	1.80%	1.58%	0.61%

The weighted-average fair value of the option, as on the date of grant, works out to ₹ 1,056 per stock option (Previous Year ₹ 1,056 per stock option).

Had the compensation cost for the stock options granted under ESOS-2006 been determined based on fair-value approach, the Company's net profit and earnings per share would have been as follows:

<b>Profit for the Year (As Reported)</b>	<b>1,225.99</b>	1,177.00
Add: Compensation Expenses under ESOS included in the Statement of Profit and Loss	<b>1.00</b>	1.96
Less: Compensation Expenses under ESOS as per Fair Value	<b>1.83</b>	3.63
<b>Profit for the Year (Fair Value basis)</b>	<b>1,225.16</b>	1,175.33
Basic Earnings Per Share: (As Reported) - ₹/Share	<b>133.62</b>	128.33
(Fair Value Basis) - ₹/Share	<b>133.53</b>	128.14
Diluted Earnings Per Share: (As Reported) - ₹/Share	<b>133.51</b>	128.22
(Fair Value Basis) - ₹/Share	<b>133.42</b>	128.03

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Grasim Industries Limited - Annual Report 2012-2013

### 2.2 RESERVES AND SURPLUS

₹ in Crore

	Securities Premium Account	General Reserve	Employee Share Options Out- standing #	Foreign Currency Translation Reserve	Surplus as per Statement of Profit and Loss	Total
<b>Current Year</b>						
Opening Balance as at 1st April, 2012	7.49	8,323.21	11.22	3.41	662.34	9,007.67
Profit for the Year	-	-	-	-	1,225.99	1,225.99
Transfer from Statement of Profit and Loss to General Reserve	-	122.60	-	-	(122.60)	-
Proposed Dividend (including Corporate Dividend Tax)	-	-	-	-	(216.33)	(216.33)
Movement related to ESOS	14.24	-	(3.12)	-	-	11.12
Restatement of long-term monetary loan to a foreign Joint Venture	-	-	-	1.62	-	1.62
<b>Closing Balance as at 31st March, 2013</b>	<b>21.73</b>	<b>8,445.81</b>	<b>8.10</b>	<b>5.03</b>	<b>1,549.40</b>	<b>10,030.07</b>
<b>Previous Year</b>						
Opening Balance as at 1st April, 2011	5.14	7,323.21	9.95	-	703.72	8,042.02
Profit for the Year	-	-	-	-	1,177.00	1,177.00
Transfer from Statement of Profit and Loss to General Reserve	-	1,000.00	-	-	(1,000.00)	-
Proposed Dividend (including Corporate Dividend Tax)	-	-	-	-	(218.38)	(218.38)
Movement related to ESOS	2.35	-	1.27	-	-	3.62
Restatement of long-term monetary loan to a foreign Joint Venture	-	-	-	3.41	-	3.41
<b>Closing Balance as at 31st March, 2012</b>	<b>7.49</b>	<b>8,323.21</b>	<b>11.22</b>	<b>3.41</b>	<b>662.34</b>	<b>9,007.67</b>

**2.2.1** The Board of Directors has recommended a dividend of ₹ 22.50 per share for the year ended, 31st March, 2013 (Previous Year ₹ 22.50 per share). The total cash outflows on account of the dividend would be ₹ 206.52 Crore (Previous Year ₹ 206.36 Crore) and on account of Corporate Dividend Tax ₹ 9.81 Crore (Previous Year ₹ 12.02 Crore).

**2.2.2** Proposed Dividend (including Corporate Dividend Tax) includes ₹ 0.02 Crore (Previous Year ₹ 0.01 Crore) related to Previous Year.

# Net of Deferred Employees' Compensation Expenses ₹ 0.65 Crore (Previous Year ₹ 1.65 Crore).

	₹ in Crore	
	Current Year	Previous Year
<b>2.3 LONG-TERM BORROWINGS</b>		
<b>Secured</b>		
Term Loans from Banks		
Rupee Term Loans	922.59	441.37
Foreign Currency Loans	-	50.60
	<b>922.59</b>	491.97
<b>Unsecured</b>		
Deferred Sales Tax Loans	58.33	75.37
	<b>980.92</b>	567.34

### 2.3.1 Nature of Security, Repayment Terms and Breakup of Current and Non-Current:

	Current Year		Previous Year	
	Current*	Non-Current	Current*	Non-Current
<b>Secured Long-Term Borrowings:</b>				
(a) Rupee Term Loan secured by exclusive charge on certain specific fixed assets of the Company located at Nagda (Staple Fibre Division) and Harihar (Staple Fibre and Pulp Divisions)	22.13	32.84	15.35	54.97
Quarterly ballooning repayment from October 2007, over 8 years				
(b) Rupee Term Loan secured by first <i>pari passu</i> charge on the fixed assets, both present and future, of the Company located at Nagda (Staple Fibre, Chemical and Engineering & Development Divisions), Kharach (Staple Fibre Division) and Harihar (Staple Fibre and Pulp Divisions) [excluding those specific fixed assets which are exclusively charged for the loan mentioned in Note (a) above]	33.75	183.75	30.00	217.50
Quarterly ballooning repayment from April 2010, over 8 years				
(c) Rupee Term Loan secured by first <i>pari passu</i> charge on the Plant and Machinery, both present and future, of the Company located at Vilayat (Staple Fibre Division)	-	706.00	-	168.90
Quarterly ballooning repayment from April 2014, over 5 years				

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Grasim Industries Limited - Annual Report 2012-2013

₹ in Crore

	Current Year		Previous Year	
	Current*	Non-Current	Current*	Non-Current
(d) Foreign Currency Loan secured by first <i>pari passu</i> charge on the fixed assets, both present and future, of the Company located at Nagda (Staple Fibre, Chemical and Engineering & Development Divisions), Kharach (Staple Fibre Division) and Harihar (Staple Fibre and Pulp Divisions) [excluding those specific fixed assets which are exclusively charged for the loan mentioned in Note (a) above]				
- Repaid in March 2013	-	-	27.91	-
- Repayable after 5 years, bullet repayment in April 2013	50.60	-	-	50.60
<b>Total Secured Borrowings (I)</b>	<b>106.48</b>	<b>922.59</b>	73.26	491.97

## Unsecured Long-Term Borrowings:

Deferred Sales Tax Loans

- Repayable in six annual instalments starting from 31st May, 2012	10.89	43.57	10.89	54.46
- Repayable after ten years from the respective year in which the actual tax was collected, starting from 14th March, 2011	6.15	14.76	5.23	20.91
<b>Total Unsecured Borrowings (II)</b>	<b>17.04</b>	<b>58.33</b>	16.12	75.37
<b>Total Borrowings (I + II)</b>	<b>123.52</b>	<b>980.92</b>	89.38	567.34

\* Included in Note 2.9

## 2.3.2 Maturity Profile of Long-Term Borrowings (including Current maturities) is as set out below:

	Maturity Profile			
	1-2 years	3-4 years	5-6 years	Beyond 6 years
<b>Secured</b>				
Rupee Term Loans	190.57	317.87	470.03	-
Foreign Currency Loans	50.60	-	-	-
<b>Unsecured</b>				
Deferred Sales Tax Loans	35.42	29.05	10.90	-
<b>Total</b>	<b>Current Year</b>	<b>276.59</b>	<b>346.92</b>	<b>480.93</b>
	Previous Year	212.90	197.57	181.22
				65.03



		₹ in Crore	
		Current Year	Previous Year
<b>2.4 DEFERRED TAX LIABILITIES (NET)</b>			
	Current Year	Charge for the Year	Previous Year
<b>Deferred Tax Liabilities:</b>			
Accumulated Depreciation	354.33	103.82	250.51
<b>Deferred Tax Assets:</b>			
Accrued expenses allowable on payment basis	4.02	(0.77)	4.79
Expenses allowable in instalments in Income-tax	1.43	(0.99)	2.42
Provision for contingencies allowable on payment basis	4.97	0.91	4.06
	10.42	(0.85)	11.27
<b>Deferred Tax Liabilities (Net)</b>	<b>343.91</b>	<b>104.67</b>	<b>239.24</b>
Current year charge includes ₹ 15.63 Crore on account of increase in rate of surcharge on Income-tax as proposed in the Finance Bill 2013.			
<b>2.5 OTHER LONG-TERM LIABILITIES</b>			
Security and Other Deposits		0.14	0.32
Other Liabilities		12.77	11.80
		12.91	12.12
<b>2.6 LONG-TERM PROVISIONS</b>			
For Employee Benefits		43.44	39.04
		43.44	39.04
<b>2.7 SHORT-TERM BORROWINGS</b>			
<b>Loans repayable on demand from Bank</b>			
<b>Secured</b>			
Working Capital Borrowings (Note 2.7.1)			
Foreign Currency Loans		27.85	0.27
Rupee Loans		72.34	56.47
<b>Unsecured</b>			
Working Capital Borrowings			
Foreign Currency Loans		54.39	-
Rupee Loans		25.00	-
Documentary Demand Bills/Usance Bills under Letter of Credit discounted		11.24	6.26
		190.82	63.00
<b>2.7.1</b> Working Capital Borrowings are secured by hypothecation of stocks and book debts of the Company.			
<b>2.8 TRADE PAYABLES</b>			
Due to Micro and Small Enterprises		1.01	3.34
Others		344.68	291.71
		345.69	295.05

There is no principal amount and interest overdue to the Micro and Small Enterprises. During the year no interest has been paid to such parties. This information has been determined to the extent such parties have been identified on the basis of information available with the Company and the same has been relied upon by the auditors.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Grasim Industries Limited - Annual Report 2012-2013

₹ in Crore

	Current Year	Previous Year
<b>2.9 OTHER CURRENT LIABILITIES</b>		
Current maturities of long-term debts (Note 2.3.1)	123.52	89.38
Interest accrued but not due on borrowings	10.35	5.47
Unpaid dividends (Amount transferable to Investor Education and Protection Fund, when due)	10.09	9.55
Security and Other Deposits (Trade Deposits)	10.87	9.53
Advances from Customers	33.99	29.21
Liabilities for Capital Goods	197.45	16.90
Other Payables (including Statutory Dues, etc.)	153.38	130.02
	<b>539.65</b>	<b>290.06</b>
<b>2.10 SHORT-TERM PROVISIONS</b>		
For Employee Benefits	8.33	9.52
For Proposed Dividend	206.52	206.36
For Corporate Dividend Tax	9.81	12.02
For Taxation (Net of Advance Tax)	247.91	202.93
	<b>472.57</b>	<b>430.83</b>

**2.11 FIXED ASSETS**

₹ in Crore

	Gross Block				Depreciation/Amortisation				Net Block
	Opening	Additions	Deductions	Closing	Opening	For the Year	Deductions	Closing	Closing
<b>Current Year</b>									
<b>TANGIBLE ASSETS</b>									
Freehold Land	25.24	12.81	0.07	37.98	-	-	-	-	37.98
Leasehold Land	85.72	-	-	85.72	2.44	0.42	-	2.86	82.86
Buildings	310.38	18.69	0.05	329.02	99.97	10.13	0.03	110.07	218.95
Plant and Equipment	2,518.92	645.07	18.71	3,145.28	1,339.33	136.58	15.82	1,460.09	1,685.19
Furniture and Fixtures	24.09	2.46	0.36	26.19	19.83	1.57	0.29	21.11	5.08
Vehicles	55.54	6.09	20.68	40.95	35.53	5.53	16.84	24.22	16.73
Office Equipment	81.02	4.91	3.92	82.01	59.63	5.29	3.71	61.21	20.80
Railway Sidings	5.67	-	-	5.67	2.74	0.27	-	3.01	2.66
<b>Total Tangible Assets</b>	<b>3,106.58</b>	<b>690.03</b>	<b>43.79</b>	<b>3,752.82</b>	<b>1,559.47</b>	<b>159.79</b>	<b>36.69</b>	<b>1,682.57</b>	<b>2,070.25</b>
<b>INTANGIBLE ASSETS</b>									
Computer Software	8.97	0.89	-	9.86	7.56	0.60	-	8.16	1.70
Trade Mark (Note 2.11.6)	0.01	-	-	0.01	-	-	-	-	0.01
<b>Total Intangible Assets</b>	<b>8.98</b>	<b>0.89</b>	<b>-</b>	<b>9.87</b>	<b>7.56</b>	<b>0.60</b>	<b>-</b>	<b>8.16</b>	<b>1.71</b>
	<b>3,115.56</b>	<b>690.92</b>	<b>43.79</b>	<b>3,762.69</b>	<b>1,567.03</b>	<b>160.39</b>	<b>36.69</b>	<b>1,690.73</b>	<b>2,071.96</b>
								Capital Work-in-Progress (including Pre-operative Expenses)	<b>2,425.09</b>
								<b>Total Fixed Assets</b>	<b>4,497.05</b>
<b>Previous Year</b>									
<b>TANGIBLE ASSETS</b>									
Freehold Land	15.11	10.13	-	25.24	-	-	-	-	25.24
Leasehold Land	85.72	-	-	85.72	2.01	0.43	-	2.44	83.28
Buildings	301.06	11.54	2.22	310.38	92.25	8.74	1.02	99.97	210.41
Plant and Equipment	2,415.70	119.04	15.82	2,518.92	1,229.44	123.21	13.32	1,339.33	1,179.59
Furniture and Fixtures	22.71	1.92	0.54	24.09	19.08	1.20	0.45	19.83	4.26
Vehicles	52.65	5.80	2.91	55.54	32.27	5.42	2.16	35.53	20.01
Office Equipment	77.52	6.49	2.99	81.02	57.47	4.99	2.83	59.63	21.39
Railway Sidings	5.67	-	-	5.67	2.47	0.27	-	2.74	2.93
<b>Total Tangible Assets</b>	<b>2,976.14</b>	<b>154.92</b>	<b>24.48</b>	<b>3,106.58</b>	<b>1,434.99</b>	<b>144.26</b>	<b>19.78</b>	<b>1,559.47</b>	<b>1,547.11</b>
<b>INTANGIBLE ASSETS</b>									
Computer Software	7.73	1.25	0.01	8.97	7.08	0.49	0.01	7.56	1.41
Trade Mark (Note 2.11.6)	0.01	-	-	0.01	-	-	-	-	0.01
<b>Total Intangible Assets</b>	<b>7.74</b>	<b>1.25</b>	<b>0.01</b>	<b>8.98</b>	<b>7.08</b>	<b>0.49</b>	<b>0.01</b>	<b>7.56</b>	<b>1.42</b>
	<b>2,983.88</b>	<b>156.17</b>	<b>24.49</b>	<b>3,115.56</b>	<b>1,442.07</b>	<b>144.75</b>	<b>19.79</b>	<b>1,567.03</b>	<b>1,548.53</b>
								Capital Work-in-Progress (including Pre-operative Expenses)	476.94
								<b>Total Fixed Assets</b>	<b>2,025.47</b>

		₹ in Crore	
		Current Year	Previous Year
<b>2.11.1</b>	Building includes workers' quarters mortgaged with state governments against subsidies received:		
	Gross Block	0.50	0.50
	Accumulated Depreciation	0.48	0.48
	Net Block	0.02	0.02
<b>2.11.2</b>	Assets held on co-ownership with other companies:		
	Gross Block	81.19	97.79
	Accumulated Depreciation	17.33	30.22
	Net Block	63.86	67.57
<b>2.11.3</b>	Fixed Assets include Capital Expenditure for Research and Development Activities:		
	Gross Block	35.13	35.18
	Accumulated Depreciation	12.66	11.34
	Net Block	22.47	23.84
	Additions during the Year	0.37	1.22
	Capital Work-in-Progress	11.99	-
<b>2.11.4</b>	Additions to Fixed Assets include Capitalisation on Account of Interest Expense	3.33	-
<b>2.11.5</b>	Depreciation and Amortisation for the Year:	160.39	144.75
	Less: Capitalised as Pre-operative Expenses	1.18	0.55
	Depreciation and Amortisation for the year charged to the Statement of Profit and Loss	159.21	144.20
<b>2.11.6</b>	Amortisation Expense related to Trademark for the Year is ₹ 10,619 (Previous Year ₹ 10,619)		
<b>2.11.7</b>	Pre-operative Expenses Pending Allocation included in Capital Work-in-Progress: Expenditure incurred during the Year:		
	Salaries, Wages, Bonus and Gratuity	26.14	6.19
	Raw Material Consumed	4.41	-
	Consumption of Stores, Spare Parts and Components, Packing Materials and Incidental Expenses	0.61	0.30
	Rent and Hire Charges	0.85	0.56
	Power and Fuel	7.99	0.34
	Rates and Taxes	0.19	0.72
	Insurance	1.83	0.55
	Exchange Rate Difference Loss/(Gain) (Net)	(3.84)	1.19
	Depreciation	1.18	0.55
	Other Expenses	11.08	2.68
	Finance Costs	20.02	1.30
		70.46	14.38
	Less: Income Earned during the Year		
	Sale of Trial Run Production (Net of Excise Duty ₹ 0.11 Crore (Previous Year Nil))	0.90	-
	Closing Stock of Finished Goods from Trial-Run Production	3.25	-
	Miscellaneous Receipt	0.12	-
		4.27	-
	Total Pre-operative Expenses incurred during the Year	66.19	14.38
	Add: Pre-operative Expenditure incurred upto Previous Year	14.92	0.85
	Less: Pre-operative Expenditure allocated to Fixed Assets during the Year	3.74	0.31
	<b>Total Pre-Operative Expenses Pending Allocation</b>	<b>77.37</b>	<b>14.92</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Grasim Industries Limited - Annual Report 2012-2013

₹ in Crore

	Face Value	Total Nos.	Current Year	Previous Year
<b>2.12 NON-CURRENT INVESTMENTS</b>				
(Long-Term, Fully Paid-up, At Cost)				
<b>Trade Investments</b>				
<b>Investments in Equity Instruments</b>				
<b>Investment in Subsidiaries</b>				
UltraTech Cement Limited # (Note 2.12.2)	₹ 10	165,335,150	2,636.25	2,636.25
Samruddhi Swastik Trading and Investments Limited	₹ 10	6,500,000	6.50	6.50
Sun God Trading and Investments Limited	₹ 10	49,000	0.05	0.05
Grasim Bhiwani Textiles Limited	₹ 10	20,050,000	60.05	60.05
Aditya Birla Power Ventures Limited	₹ 10	50,000	0.05	0.05
Provision for Diminution (Note 2.12.4)			(0.05)	-
			<b>2,702.85</b>	2,702.90
<b>Investment in Joint Ventures</b>				
A.V. Cell Inc., Canada, Class 'A' Shares of aggregate value of Canadian Dollar 13.50 Million	WPV	81,000	50.66	50.66
A.V. Nackawic Inc., Canada, Class 'A' Share of aggregate value of Canadian Dollar 24.75 Million (Note 2.12.3)	WPV	123,750	102.38	102.38
Birla Jingwei Fibres Co. Limited, China, Share of aggregate value of RMB 174.53 Million (Previous Year RMB 114.39 Million)	WPV	-	117.40	66.05
Birla Lao Pulp and Plantations Company Limited, Laos (Previous Year 14,000 shares)	US\$ 1000	16,700	78.41	63.54
Bhubaneswari Coal Mining Limited (Previous Year 11,700,000 shares)	₹ 10	33,540,000	33.54	11.70
Aditya Birla Elyaf Sanayi Ve Ticaret Anonim Sirketi, Turkey	TRY 10	1,999,998	56.67	56.67
A.V. Terrace Bay, Canada	CAD 1	18,000,000	98.83	-
Aditya Group AB, Sweden (Note 2.12.5)	SEK 1000	50	274.89	-
			<b>812.78</b>	351.00
<b>Investment in Associates</b>				
Aditya Birla Science & Technology Company Limited	₹ 10	7,799,500	7.80	7.80
Aditya Group AB, Sweden (Note 2.12.5)	SEK 1000	50	-	274.89
			<b>7.80</b>	282.69
<b>Others</b>				
Thai Rayon Public Company Limited, Thailand #	Thai Baht 1	13,988,570	1.07	1.07
P.T. Indo Bharat Rayon Co. Limited, Indonesia	US\$ 100	5,000	0.40	0.40
Aditya Birla Ports Limited	₹ 10	50,000	0.05	0.05
			<b>1.52</b>	1.52
<b>Investments in Preference Shares</b>				
<b>Investment in Subsidiaries</b>				
15% Cumulative Redeemable Preference Shares of Sun God Trading and Investments Limited * ₹ 10,000	₹ 100	100	*	*
<b>Investment in Joint Ventures</b>				
6% Cumulative Redeemable Retractable, Non-voting Preferred Shares of A.V. Nackawic Inc., Canada, aggregate value of Canadian Dollar 6.75 million	WPV	6,750,000	<b>26.65</b>	26.65
<b>Others</b>				
3.50% Cumulative Redeemable Preference Shares of Aditya Birla Health Services Limited	₹ 100	2,500,000	<b>25.00</b>	25.00

	₹ in Crore			
	Face Value	Total Nos.	Current Year	Previous Year
<b>Other Investments</b>				
<b>Investments in Equity Instruments</b>				
<b>Investment in Associates</b>				
Idea Cellular Limited (Note 2.12.3) #	₹ 10	171,013,894	171.01	171.01
<b>Others</b>				
Aditya Birla Nuvo Limited #	₹ 10	3,345,816	68.37	68.37
Larsen & Toubro Limited #	₹ 2	3,851,984	23.11	23.11
Hindalco Industries Limited #	₹ 1	54,542,475	351.11	351.11
Thai Carbon Black Public Company Limited, Thailand # (Previous Year 8,250,000 shares)	Thai Baht 1	-	-	2.18
Alexandria Carbon Black Co., S.A.E. (Previous Year 243,080 shares)	US\$ 10	-	-	14.99
Indophil Textile Mills Inc., Philippines	Peso 10	422,496	0.04	0.04
Birla International Limited - Isle of Man	CHF 100	2,500	0.53	0.53
Welspun Maxsteel Limited	₹ 10	200,000	0.10	0.10
			<b>443.26</b>	460.43
<b>Investment in Government or Trust Securities</b>				
Deposited with Government Departments			<b>0.02</b>	0.02
<b>Investment in Debentures or Bonds #</b>				
Tata Steel Limited - 11.80% Perpetual NCD (Previous Year 740 units)	₹ 1,000,000	530	55.09	76.87
Tata Power Company Limited - 11.40% Perpetual NCD (Previous Year 90 units)	₹ 1,000,000	70	7.05	9.06
Infrastructure Development Finance Company Limited - 9.60% NCD (Previous Year 100 units)	₹ 1,000,000	-	-	10.00
Housing and Urban Development Corporation Limited - Tax Free Bond - 8.10% 2022 (Previous Year 250,000 units)	₹ 1,000	210,000	21.00	25.00
Indian Railway Finance Corporation Limited - Tax Free Bond - 7.18% 2023	₹ 1,000	400,000	40.00	-
Indian Railway Finance Corporation Limited - Tax Free Bond - 7.34% 2028	₹ 1,000	600,000	60.00	-
National Highways Authority of India - Tax Free Bond - 8.20% 2022 (Previous Year 247,238 units)	₹ 1,000	147,238	14.72	24.72
Power Finance Corporation Limited - Tax Free Bond - 8.20% 2022 (Previous Year 139,546 units)	₹ 1,000	119,546	11.95	13.95
State Bank of India - 9.50% Bond 2025 (Previous Year 630 units)	₹ 10,000	107	0.11	0.63
			<b>209.92</b>	160.23
<b>Investment in Debt Schemes of various Mutual Funds #</b> (Previous Year 293,000,000 units)		107,794,991	<b>118.00</b>	293.00
			<b>4,518.81</b>	4,474.45
WPV - Without Par Value				
# Quoted Investments				
<b>2.12.1 Aggregate Book Value of:</b>				
Quoted Investments			<b>3,578.84</b>	3,706.33
Unquoted Investments			<b>939.97</b>	768.12
			<b>4,518.81</b>	4,474.45
Aggregate Market Value of Quoted Investments			<b>34,624.96</b>	28,770.78
<b>2.12.2</b> 97,142,856 Equity Shares of ₹ 10 each received in terms of Scheme of Amalgamation of Samruddhi Cement Limited with UltraTech Cement Limited are locked in for a period of 3 years from the date of allotment, i.e. 26th August, 2010				
<b>2.12.3</b> Non-disposal undertaking has been provided to certain Banks for credit facilities extended by them to A V Nackawic Inc. and Idea Cellular Limited.				
<b>2.12.4</b> Provision for diminution represents diminution in value of shares of Aditya Birla Power Ventures Limited.				
<b>2.12.5</b> Pursuant to a Shareholders' Agreement signed by promoting companies of Aditya Group AB, Sweden (AGAB), during the year, the same has been considered as Joint Venture, w.e.f. 1st October, 2012, earlier the same was considered as an Associate.				

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Grasim Industries Limited - Annual Report 2012-2013

₹ in Crore

	Current Year	Previous Year
<b>2.13 LONG-TERM LOANS AND ADVANCES</b>		
<b>(Unsecured, Considered Good, unless otherwise stated)</b>		
Capital Advances for Purchase of Fixed Assets	268.23	488.20
Security Deposits	39.38	33.68
Loans and Advances to Related Parties (Note 4.5.3)	58.48	69.89
Balances with Government Authorities	-	5.92
MAT Credit Entitlement	63.61	-
Other Loans and Advances (includes Advances to Suppliers, etc.)	9.75	16.58
	<b>439.45</b>	<b>614.27</b>

**2.13.1 Disclosure as per Clause 32 of the Listing Agreement:**

- (a) Loans and Advances given to Subsidiaries and Associates  
(including Current Loans and Advances):

Name of the Company	Maximum Balance Outstanding during the			
	Current Year	Previous Year		
<b>Subsidiaries</b>				
Samruddhi Swastik Trading and Investments Limited	0.10	-	0.01	-
Sun God Trading and Investment Limited	-	3.82	-	3.79
Grasim Bhiwani Textiles Limited	37.09	31.84	21.69	26.14
<b>Associates</b>				
Aditya Birla Science & Technology Company Limited	11.83	11.82	11.83	11.82
	<b>49.02</b>	<b>47.48</b>	<b>33.53</b>	<b>41.75</b>

- (b) Payments made to employees by way of  
Loans and Advances in the nature of loan  
where no interest is charged or interest is  
charged at a rate less than the rate prescribed  
in Section 372A of Companies Act, 1956:

Outstanding balance at the year end	10.16	7.84
Maximum balance outstanding during the year	11.10	8.96

**2.14 CURRENT INVESTMENTS**

(At Cost or Fair Value, whichever is less)

**Other Investments****Investments in Debt Schemes of various**

**Mutual Funds** {1,275,251,814 units  
(Previous Year 2,196,641,305 units)}

1,705.62 2,332.55

**Investment in Certificate of Deposit of  
Scheduled Bank**

IDBI Bank Limited (Previous Year 2,500 units)

- 22.74

1,705.62 2,355.29

**2.14.1 Aggregate Book Value of :**

Quoted Investments  
Unquoted Investments

796.07 2,144.82

909.55 210.47

1,705.62 2,355.29

**2.14.2 Aggregate Market Value of Quoted Investments**

837.45 2,199.79

**2.14.3 Current Investments includes current portion of**

Long-Term Investments at Cost as defined in  
Accounting Standard 13: Accounting for Investments

796.07 1,933.95



		₹ in Crore	
		Current Year	Previous Year
<b>2.15 INVENTORIES</b>			
<b>(Valued at lower of cost and net realisable value, unless otherwise stated)</b>			
Raw Materials {(includes in transit ₹ 140.76 Crore), (Previous Year ₹ 163.46 Crore)}		<b>421.36</b>	333.04
Work-in-Progress		<b>22.39</b>	16.14
Finished Goods {(includes in transit ₹ 1.48 Crore), (Previous Year ₹ Nil)}		<b>220.87</b>	194.45
Stores and Spare Parts {(includes in transit ₹ 0.05 Crore), (Previous Year ₹ 0.08 Crore)}		<b>44.01</b>	28.43
Fuel		<b>70.09</b>	51.78
By-Products		<b>1.19</b>	0.50
Waste/Scrap (valued at Net Realisable Value)		<b>4.56</b>	3.04
Others (mainly Packing Materials)		<b>4.87</b>	3.53
		<b>789.34</b>	630.91
<b>2.16 TRADE RECEIVABLES*</b>			
<b>(Unsecured, unless otherwise stated)</b>			
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>			
Considered Good	<b>0.64</b>		1.15
Doubtful	<b>0.97</b>		0.76
	<b>1.61</b>		1.91
Less: Provision for doubtful debts	<b>0.97</b>		0.76
		<b>0.64</b>	1.15
<b>Others</b>		<b>515.99</b>	508.08
Considered Good		<b>516.63</b>	509.23
* Includes amount in respect of which the Company holds Deposits and Letters of Credit/Guarantees from Banks		<b>334.94</b>	351.93
<b>2.17 CASH AND BANK BALANCES</b>			
<b>Cash and Cash Equivalents</b>			
Balances with Banks in Current Account	<b>0.18</b>		1.20
Cash on Hand	<b>0.11</b>		0.09
		<b>0.29</b>	1.29
<b>Other Bank Balances</b>			
In EEFC Account	<b>5.61</b>		-
Earmarked Balance with Banks			
In Government Treasury Saving Account	<b>0.01</b>		0.01
Unpaid Dividend	<b>10.09</b>		9.55
Bank Deposit *	<b>0.27</b>		0.17
		<b>15.98</b>	9.73
		<b>16.27</b>	11.02
* Includes			
Lodged as security with Government Department		<b>0.09</b>	0.08
Interest accrued		<b>0.03</b>	0.02

**NOTES FORMING PART OF THE  
FINANCIAL STATEMENTS**

Grasim Industries Limited - Annual Report 2012-2013

₹ in Crore

	<b>Current Year</b>	<b>Previous Year</b>
<b>2.18 SHORT-TERM LOANS AND ADVANCES</b>		
<b>Unsecured (Considered Good, unless otherwise stated)</b>		
Security Deposits	<b>21.50</b>	14.14
Loans and Advances to Related Parties (Note 4.5.3)	<b>12.62</b>	9.40
Balances with Government Authorities	<b>189.00</b>	60.57
Deposits with Bodies Corporates	<b>194.00</b>	200.00
Other Short-Term Loans and Advances (includes Advances to Suppliers, etc.)	<b>124.89</b>	107.76
	<b>542.01</b>	391.87
<b>2.19 OTHER CURRENT ASSETS</b>		
Interest Accrued on Investments	<b>3.66</b>	6.16
Others (includes Insurance Claims, Export Incentives Receivables, etc.)	<b>22.93</b>	17.40
	<b>26.59</b>	23.56
<b>3.1 SALE OF PRODUCTS AND SERVICES (GROSS) (Note 4.4.1)</b>		
Sale of Products	<b>5,660.12</b>	5,259.07
Sale of Services	<b>1.01</b>	1.37
	<b>5,661.13</b>	5,260.44
<b>3.2 OTHER OPERATING REVENUES</b>		
Export Incentives	<b>35.98</b>	42.66
Insurance Claims	<b>0.07</b>	0.06
Sundry Balances Written Back (Net)	<b>0.31</b>	3.93
Rent Received	<b>2.45</b>	2.28
Scrap Sales (Net)	<b>29.00</b>	26.70
Others	<b>5.83</b>	21.65
	<b>73.64</b>	97.28
<b>3.3 OTHER INCOME</b>		
<b>Interest Income on:</b>		
Government and Other Securities	<b>14.31</b>	15.07
Bank and Other Accounts	<b>46.24</b>	60.31
<b>Dividend Income from:</b>		
Subsidiary Companies	<b>132.27</b>	99.20
Long-Term Investments - Trade	<b>1.78</b>	5.86
Long-Term Investments - Others	<b>27.56</b>	27.82
Current Investments - Mutual Funds	<b>54.75</b>	79.73
<b>Profit on Sale of:</b>		
Long-Term Investments (Net)	<b>137.55</b>	155.44
Current Investments (Net)	<b>12.37</b>	1.24
Fixed Assets (Net)	<b>0.91</b>	0.83
Exchange Rate Difference (Net)	<b>1.21</b>	8.46
Others	<b>5.62</b>	9.50
	<b>434.57</b>	463.46

		₹ in Crore	
		Current Year	Previous Year
<b>3.4</b>	<b>COST OF MATERIALS CONSUMED</b>		
	Opening Stock	333.04	296.98
	Add : Purchases and Incidental Expenses	2,698.94	2,441.89
	Less : Sales	1.21	0.50
	Less : Closing Stock	421.36	333.04
		<u>2,609.41</u>	<u>2,405.33</u>
	<b>3.4.1 Details of Raw Materials Consumed:</b>		
	Dissolving Pulp	1,525.63	1,467.68
	Sulphur	177.51	170.99
	Pulp Wood	143.94	150.49
	Caustic Soda	300.39	219.06
	Salt	81.83	69.90
	Others	380.11	327.21
		<u>2,609.41</u>	<u>2,405.33</u>
<b>3.5</b>	<b>PURCHASES OF STOCK-IN-TRADE</b>		
	Chemicals	4.87	15.70
		<u>4.87</u>	<u>15.70</u>
<b>3.6</b>	<b>CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
	<b>Opening Stock</b>		
	Finished Goods	194.45	39.56
	By-Products	0.50	3.28
	Process Stock	16.14	14.62
	Waste/Scrap	3.04	3.08
		<u>214.13</u>	<u>60.54</u>
	<b>Less : Closing Stock</b>		
	Finished Goods	220.87	194.45
	By-Products	1.19	0.50
	Process Stock	22.39	16.14
	Waste/Scrap	4.56	3.04
		<u>249.01</u>	<u>214.13</u>
	<b>(Increase)/Decrease in Stocks</b>	<b>(34.88)</b>	<b>(153.59)</b>
	Less : (Increase)/Decrease in Excise Duty on Stocks	(5.07)	(21.49)
	Less: Stock Transfer from Pre-operative Expenses	(3.25)	-
		<u>(26.56)</u>	<u>(132.10)</u>
<b>3.7</b>	<b>EMPLOYEE BENEFITS EXPENSE</b>		
	Salaries and Wages	330.47	291.66
	Contribution to Provident and Other Funds (Note 4.6.2)	22.50	20.04
	Staff Welfare Expenses	19.70	18.10
	Expenses on Employee Stock Option Scheme (Note 2.1.8)	1.00	1.96
		<u>373.67</u>	<u>331.76</u>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Grasim Industries Limited - Annual Report 2012-2013

₹ in Crore

	Current Year	Previous Year
<b>3.8 OTHER EXPENSES</b>		
<b>3.8.1 Manufacturing Expenses</b>		
Consumption of Stores, Spare Parts and Components, and Incidental Expenses	115.96	110.76
Consumption of Packing Materials	39.78	34.21
Processing Charges	37.81	13.73
Repairs to Buildings	14.78	16.73
Repairs to Machinery	31.71	29.60
<b>3.8.2 Administration, Selling and Distribution Expenses</b>		
Advertisement	7.07	12.11
Discounts, Sales Promotion and Other Selling Expenses	27.44	23.59
Provision for Bad and Doubtful Debts	0.21	0.55
Insurance	6.51	5.37
Rent (Including Lease Rent) (Note 4.8.5)	7.46	4.76
Rates and Taxes	3.44	4.29
Research Contribution and Expenses	16.86	10.96
Donations	20.51	15.58
Directors' Fees	0.11	0.12
Directors' Commission	11.00	11.00
Diminution in Value of Long-Term Investments (2.12.4)	0.05	-
Miscellaneous Expenses	97.29	80.05
	<b>437.99</b>	<b>373.41</b>
<b>3.8.3 Auditors' Remuneration (excluding Service Tax) charged to the Statement of Profit and Loss</b>		
<b>Payments to Statutory Auditors:</b>		
Audit Fee	0.44	0.38
Tax Audit Fee	0.03	0.03
Fees for Other Services	0.22	0.27
Reimbursement of Expenses	0.02	0.06
<b>Payments to Branch Auditors:</b>		
Audit Fee	0.01	0.01
Tax Audit Fee * ₹ 30,000 (Previous Year ₹ 30,000)	*	*
Fees for Other Services ** ₹ 20,000 (Previous Year ₹ 20,000)	**	**
Reimbursement of Expenses *** ₹ 7,809 (Previous Year ₹ 14,360)	***	***
<b>Payments to Cost Auditors:</b>		
Audit Fee	0.02	0.01
Fees for Other Services # ₹ 1,500 (Previous Year ₹ 1,500)	#	#
Reimbursement of Expenses ## (Previous Year ₹ 17,820)	0.01	##
<b>3.9 FINANCE COSTS</b>		
Interest on Fixed Period Loans #	47.14	34.29
Interest and Other Borrowing Costs	8.71	2.83
Exchange (Gain)/Loss on Foreign Currency Borrowings	3.26	-
	<b>59.11</b>	<b>37.12</b>
Less: Capitalised	20.02	1.30
	<b>39.09</b>	<b>35.82</b>

# Net of Interest Subsidy from Government ₹ 36.30 Crore  
(Previous Year ₹ 16.86 Crore)

		₹ in Crore	
		Current Year	Previous Year
<b>3.10</b>	Revenue Expenditure on Research and Development included in different heads of expenses in the Statement of Profit and Loss	<b>13.73</b>	8.09
<b>3.11</b>	Exceptional Item represents profit on sale of Long-Term Investments, viz., Alexandria Carbon Black Co., S.A.E., and Thai Carbon Black Public Company Limited, Thailand	<b>204.43</b>	-
<b>3.12</b>	<b>EARNINGS PER SHARE (EPS)</b>		
	<b>Net Profit for the Year attributable to Equity Shareholders (₹ in Crore)</b>	<b>1,225.99</b>	1,177.00
	<b>Basic EPS:</b>		
	Weighted-average-number of Equity Shares Outstanding (Nos.)	<b>91,751,717</b>	91,719,718
	<b>Basic EPS (₹)</b>	<b>133.62</b>	128.33
	<b>Diluted EPS:</b>		
	Weighted-average-number of Equity Shares Outstanding (Nos.)	<b>91,751,717</b>	91,719,718
	<b>Add:</b> Weighted-average-number of Potential Equity Shares on exercise of options (Nos.)	<b>74,892</b>	78,809
	Weighted-average-number of Equity Shares Outstanding for calculation of Diluted EPS (Nos.)	<b>91,826,609</b>	91,798,527
	<b>Diluted EPS (₹)</b>	<b>133.51</b>	128.22
<b>4.1</b>	<b>CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:</b>		
	<b>4.1.1 Claims/Disputed Liabilities not acknowledged as Debts:</b>		
	(a) Custom Duty	<b>2.07</b>	3.70
	(b) Sales Tax/Purchases Tax/VAT	<b>0.01</b>	0.20
	(c) Excise Duty/Cenvat Credit/Service Tax	<b>1.98</b>	7.58
	(d) Water Cess	<b>23.96</b>	24.17
	(e) Various claims in respect of disputed liabilities of discontinued business in earlier year	<b>70.00</b>	70.00
	(f) Others	<b>25.37</b>	26.81
	<b>Out of the above, disputes pending with revenue, other government authorities and vendors/contractors challenged/appealed by the Company are:</b>		
	(a) Water charges for water not made available as per agreement	<b>23.96</b>	22.32
	(b) Penalty for not utilising the land within the time limit prescribed as per the sanction document, utilisation of which is delayed due to non-fulfilment of condition by Gujarat Industrial Development Corporation	<b>6.21</b>	5.34
	(c) Claims arising from disputes of vendors/contractors	<b>7.25</b>	7.16
	(d) Service Tax on Goods Transport Agency on full amount of service instead of 25% of value of service	-	5.90
	Cash outflows for the above are determinable only on receipt of judgements pending at various forums/authorities.		

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Grasim Industries Limited - Annual Report 2012-2013

₹ in Crore

	Current Year	Previous Year
<b>4.1.2</b> Custom Duty Liability (Net of Cenvat Credit) which may arise if obligation for exports is not fulfilled against import of raw materials and machinery	<b>45.84</b>	8.06
<b>4.1.3</b> Letter of Undertaking-cum-Indemnity, Corporate Guarantees given to Banks/ Financial Institutions for finance provided to Subsidiary and Joint Venture	-	207.61
Amount Outstanding against above	-	96.69

## 4.2 CAPITAL COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and not provided {(Net of Advance paid of ₹ 268.23 Crore (Previous Year ₹ 488.20 Crore))}

**482.14** 1,427.14

## 4.3 Details of Company's interest in its Joint Ventures, having Joint Control, as per the requirement of AS-27 on Financial Reporting of Interests in Joint Ventures is as under:

Joint Venture (Ownership Interest)	Country of Incorporation		Assets	Liabilities	Income	Expenses	Contingent Liabilities
Birla Jingwei Fibre Company Limited (31%)	China	Current Year	<b>275.51</b>	<b>219.05</b>	<b>214.46</b>	<b>244.82</b>	-
		Previous Year	238.82	207.11	190.23	231.70	-
Birla Lao Pulp & Plantations Company Limited (40%)	Laos	Current Year	<b>85.65</b>	<b>1.40</b>	<b>0.11</b>	<b>3.53</b>	-
		Previous Year	69.23	1.71	0.07	2.43	-
A.V. Cell Inc. (45%)	Canada	Current Year	<b>356.89</b>	<b>140.05</b>	<b>288.04</b>	<b>299.84</b>	<b>0.29</b>
		Previous Year	313.51	111.53	313.06	272.01	0.16
A.V. Nackawic Inc. (45%)	Canada	Current Year	<b>519.66</b>	<b>319.62</b>	<b>412.43</b>	<b>415.62</b>	-
		Previous Year	507.68	270.00	450.53	405.94	-
Bhubaneswari Coal Mining Limited (26%)	India	Current Year	<b>49.33</b>	<b>22.90</b>	<b>39.48</b>	<b>42.75</b>	-
		Previous Year	43.13	34.91	5.60	8.66	-
Aditya Birla Elyaf Sanayi Ve Ticaret Anonim Sirketi (33.33%)	Turkey	Current Year	<b>63.43</b>	<b>0.18</b>	<b>3.45</b>	<b>0.27</b>	-
		Previous Year	57.74	0.14	1.02	0.48	-
A.V. Terrace Bay Inc. (40%)	Canada	Current Year	<b>216.92</b>	<b>179.70</b>	<b>151.04</b>	<b>211.25</b>	-
		Previous Year	-	-	-	-	-
Aditya Group AB (33.33%) (Note 2.12.5)	Sweden	Current Year	<b>804.96</b>	<b>388.50</b>	<b>254.39</b>	<b>276.23</b>	-
		Previous Year	-	-	-	-	-



## 4.4 SEGMENT REPORTING

### 4.4.1 Primary Segment Reporting (by Business Segment)

Primary Segment have been identified based on the nature of products and services, the different risks and returns and the Internal reporting structure. The Company considers Business Segment as the Primary Segment for disclosure. Details of products included in each of the segments are as under:

Fibre and Pulp	–	Viscose Staple Fibre and Rayon Grade Pulp
Chemicals	–	Caustic Soda and Allied Chemicals
Others	–	Mainly Textiles

Inter-segment transfers of independent marketable products are at market rates.

Unallocated items include general corporate income, expenses, assets and liabilities which are not allocated to any business segment.

₹ in Crore

#### Information about Business Segments for the Current Year:

	Fibre and Pulp	Chemicals	Others	Eliminations	Total Company
<b>REVENUE</b>					
Gross Sales (External)	4,790.88	776.28	93.97	-	5,661.13
Gross Sales (Inter-segment)	23.73	264.33	-	(288.06)	-
<b>Total Gross Sales</b>	<b>4,814.61</b>	<b>1,040.61</b>	<b>93.97</b>	<b>(288.06)</b>	<b>5,661.13</b>
Other Income (including Other Operating Revenues)	87.83	20.07	0.28	(5.89)	102.29
Unallocated Corporate Other Income	-	-	-	-	405.92
<b>Total Other Income</b>	<b>87.83</b>	<b>20.07</b>	<b>0.28</b>	<b>(5.89)</b>	<b>508.21</b>
<b>Total Revenue</b>	<b>4,902.44</b>	<b>1,060.68</b>	<b>94.25</b>	<b>(293.95)</b>	<b>6,169.34</b>
<b>RESULTS</b>					
<b>Segment Result (PBIT)</b>	<b>810.44</b>	<b>210.72</b>	<b>5.34</b>	<b>-</b>	<b>1,026.50</b>
Unallocated Corporate Income/(Expenses)					337.04
Finance Costs					(39.09)
<b>Profit Before Exceptional Item and Tax</b>					<b>1,324.45</b>
Exceptional Item					204.43
<b>Profit Before Tax</b>					<b>1,528.88</b>
Current Tax					(265.01)
MAT Credit					63.61
Provision for Tax of Earlier Years Written Back					3.18
Deferred Tax					(104.67)
<b>Profit After Tax</b>					<b>1,225.99</b>
<b>OTHER INFORMATION</b>					
<b>Segment Assets</b>	<b>4,644.55</b>	<b>1,622.42</b>	<b>52.42</b>	<b>-</b>	<b>6,319.39</b>
Unallocated Corporate Assets					6,732.38
<b>Total Assets</b>					<b>13,051.77</b>
<b>Segment Liabilities</b>	<b>556.38</b>	<b>154.00</b>	<b>22.51</b>	<b>-</b>	<b>732.89</b>
Unallocated Corporate Liabilities					2,197.02
<b>Total Liabilities</b>					<b>2,929.91</b>
<b>Capital Expenditure</b>	<b>1,571.14</b>	<b>805.79</b>	<b>0.73</b>	<b>-</b>	<b>2,377.66</b>
Unallocated Corporate Capital Expenditure					20.24
<b>Total Capital Expenditure</b>					<b>2,397.90</b>
<b>Depreciation and Amortisation</b>	<b>120.52</b>	<b>33.95</b>	<b>1.71</b>	<b>-</b>	<b>156.18</b>
Unallocated Corporate Depreciation and Amortisation					3.03
<b>Total Depreciation and Amortisation</b>					<b>159.21</b>
<b>Significant Non-Cash Expenses other than Depreciation and Amortisation</b>					<b>1.00</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Grasim Industries Limited - Annual Report 2012-2013

₹ in Crore

## Information about Business Segments (Previous Year):

	Fibre and Pulp	Chemicals	Others	Eliminations	Total Company
<b>REVENUE</b>					
Gross Sales (External)	4,507.64	649.46	103.34	-	5,260.44
Gross Sales (Inter-segment)	23.21	193.77	-	(216.98)	-
<b>Total Gross Sales</b>	<b>4,530.85</b>	<b>843.23</b>	<b>103.34</b>	<b>(216.98)</b>	<b>5,260.44</b>
Other Income (including Other Operating Revenues)	115.37	17.32	1.26	(6.88)	127.07
Unallocated Corporate Other Income	-	-	-	-	433.67
<b>Total Other Income</b>	<b>115.37</b>	<b>17.32</b>	<b>1.26</b>	<b>(6.88)</b>	<b>560.74</b>
<b>Total Revenue</b>	<b>4,646.22</b>	<b>860.55</b>	<b>104.60</b>	<b>(223.86)</b>	<b>5,821.18</b>
<b>RESULTS</b>					
<b>Segment Result (PBIT)</b>	<b>1,062.96</b>	<b>125.70</b>	<b>9.83</b>	<b>-</b>	<b>1,198.49</b>
Unallocated Corporate Income/(Expenses)					379.12
Finance Costs					(35.82)
<b>Profit Before Tax</b>					<b>1,541.79</b>
Current Tax					(356.61)
Deferred Tax					(9.42)
Provision for Tax of Earlier Years Written Back					1.24
<b>Profit After Tax</b>					<b>1,177.00</b>
<b>OTHER INFORMATION</b>					
<b>Segment Assets</b>	<b>2,965.50</b>	<b>760.23</b>	<b>48.48</b>	<b>-</b>	<b>3,774.21</b>
Unallocated Corporate Assets					7,261.86
<b>Total Assets</b>					<b>11,036.07</b>
<b>Segment Liabilities</b>	<b>367.02</b>	<b>94.65</b>	<b>16.06</b>	<b>-</b>	<b>477.73</b>
Unallocated Corporate Liabilities					1,458.95
<b>Total Liabilities</b>					<b>1,936.68</b>
<b>Capital Expenditure</b>	<b>730.98</b>	<b>266.20</b>	<b>4.53</b>	<b>-</b>	<b>1,001.71</b>
Unallocated Corporate Capital Expenditure					16.79
<b>Total Capital Expenditure</b>					<b>1,018.50</b>
<b>Depreciation and Amortisation</b>	<b>104.52</b>	<b>35.07</b>	<b>1.41</b>	<b>-</b>	<b>141.00</b>
Unallocated Corporate Depreciation and Amortisation					3.20
<b>Total Depreciation and Amortisation</b>					<b>144.20</b>
<b>Significant Non-Cash Expenses other than Depreciation and Amortisation</b>					<b>1.96</b>

### 4.4.2 Secondary Segment Reporting (by Geographical Segment):

The Company's operating facilities are located in India.

	Current Year	Previous Year
<b>Segment Revenue (Gross Sales)</b>		
India	<b>4,364.50</b>	4,118.44
Rest of the World	<b>1,296.63</b>	1,142.00
<b>Total</b>	<b>5,661.13</b>	5,260.44
<b>Segment Assets</b>		
India	<b>6,109.00</b>	3,599.71
Rest of the World	<b>210.39</b>	174.50
<b>Total</b>	<b>6,319.39</b>	3,774.21
<b>Capital Expenditure</b>		
India	<b>2,377.66</b>	1,001.71
Rest of the World	-	-
<b>Total</b>	<b>2,377.66</b>	1,001.71

**4.5 RELATED PARTIES TRANSACTIONS****4.5.1 Parties where control exists:**

Parties	Relationship
Samruddhi Swastik Trading and Investments Limited	Wholly Owned Subsidiary
Grasim Bhiwani Textiles Limited	Wholly Owned Subsidiary
Sun God Trading and Investments Limited	Wholly Owned Subsidiary
Aditya Birla Power Ventures Limited (w.e.f. 29th July, 2011)	Wholly Owned Subsidiary
UltraTech Cement Limited	Subsidiary
UltraTech Cement Lanka Private Limited, Sri Lanka	Subsidiary's Subsidiary
Dakshin Cement Limited	Subsidiary's Subsidiary
Harish Cement Limited	Subsidiary's Subsidiary
UltraTech Cement Middle East Investment Limited, Dubai, UAE	Subsidiary's Subsidiary
Star Cement Co LLC, Dubai, UAE	Subsidiary's Subsidiary
Star Cement Co LLC, RAK, UAE	Subsidiary's Subsidiary
Al Nakhla Crusher LLC, Fujairah, UAE	Subsidiary's Subsidiary
Arabian Cement Industry LLC, Abu Dhabi, UAE	Subsidiary's Subsidiary
Arabian Gulf Cement Co W.L.L., Bahrain	Subsidiary's Subsidiary
Emirates Power Company Ltd., Bangladesh	Subsidiary's Subsidiary
Emirates Cement Bangladesh Ltd., Bangladesh	Subsidiary's Subsidiary
UltraTech Cement SA (PTY), South Africa (w.e.f. 9th April, 2011)	Subsidiary's Subsidiary
PT UltraTech Mining Indonesia, Indonesia (w.e.f. 12th April, 2011)	Subsidiary's Subsidiary
UltraTech Cement Mozambique Limitada, Mozambique (w.e.f. 22nd February, 2012)	Subsidiary's Subsidiary
PT UltraTech Investment Indonesia, Indonesia (w.e.f. 26th March, 2012)	Subsidiary's Subsidiary
PT UltraTech Cement, Indonesia (w.e.f. 16th July, 2012)	Subsidiary's Subsidiary
Gotan Lime Stone Khanij Udyog Private Limited (w.e.f. 23rd July, 2012)	Subsidiary's Subsidiary

**4.5.2 Other Related Parties with whom transactions have taken place during the year:**

Parties	Relationship
A.V. Cell Inc., Canada	Joint Venture
A.V. Nackawic Inc., Canada	Joint Venture
Birla Jingwei Fibres Company Limited, China	Joint Venture
Birla Lao Pulp & Plantations Company Limited, Laos	Joint Venture
Bhubaneswari Coal Mining Limited	Joint Venture
Aditya Birla Elyaf Sanayi Ve Ticaret Anonim Sirketi, Turkey (w.e.f. 30th December, 2011)	Joint Venture
A.V. Terrace Bay Inc., Canada (w.e.f. 12th July, 2012)	Joint Venture
Aditya Group AB, Sweden (w.e.f. 1st October, 2012) (Note 2.12.5)	Joint Venture
Aditya Birla Science & Technology Company Limited	Associate
Idea Cellular Limited	Associate
Aditya Group AB, Sweden (upto 30th September, 2012) (Note 2.12.5)	Associate
Shri K.K. Maheshwari, Managing Director	Key Management Personnel (KMP)
Shri Adesh Gupta, Whole-Time Director & CFO	Key Management Personnel (KMP)
Smt. Usha Gupta	Relative of KMP (Wife of Shri Adesh Gupta)

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Grasim Industries Limited - Annual Report 2012-2013

₹ in Crore

	Current Year	Previous Year
<b>4.5.3 Disclosure of Related Party Transactions:</b>		
<b>Nature of Transactions:</b>		
<b>(a) Sale of Products and Services</b>		
Grasim Bhiwani Textiles Limited	26.60	30.04
UltraTech Cement Limited	0.82	0.30
Birla Jingwei Fibres Company Limited	3.16	0.08
<b>Total</b>	<b>30.58</b>	<b>30.42</b>
<b>(b) Interest and Other Income</b>		
Grasim Bhiwani Textiles Limited	0.77	0.69
UltraTech Cement Limited	0.76	0.71
A.V. Cell, Inc.	2.14	2.07
A.V. Nackawic, Inc.	1.17	1.93
Aditya Birla Science & Technology Company Limited	0.71	0.68
<b>Total</b>	<b>5.55</b>	<b>6.08</b>
<b>(c) Dividend Received</b>		
UltraTech Cement Limited	132.27	99.20
<b>(d) Purchase of Goods/Payment of Other Services (Net of Cenvat Credit, if available)</b>		
Grasim Bhiwani Textiles Limited	0.04	0.30
UltraTech Cement Limited	2.02	2.34
A.V. Cell, Inc.	309.23	113.51
A.V. Nackawic, Inc.	210.84	291.89
Birla Jingwei Fibres Company Limited	0.21	-
Aditya Group AB	167.18	-
Aditya Birla Science & Technology Company Limited	14.64	7.25
Idea Cellular Limited	0.59	0.47
Shri K.K. Maheshwari, Managing Director	7.42	7.30
Shri Adesh Gupta, Whole-time Director & CFO	2.70	2.45
Smt. Usha Gupta	0.04	0.02
<b>Total</b>	<b>714.91</b>	<b>425.53</b>
<b>(e) Finance Provided</b>		
Samruddhi Swastik Trading and Investments Limited	0.01	-
Grasim Bhiwani Textiles Limited	102.05	45.00
Sun God Trading and Investments Limited	-	3.79
Aditya Birla Science & Technology Company Limited	0.01	1.39
<b>Total</b>	<b>102.07</b>	<b>50.18</b>
<b>(f) Repayment against Finance Provided</b>		
Grasim Bhiwani Textiles Limited	98.45	62.72
Sun God Trading and Investments Limited	3.79	0.03
<b>Total</b>	<b>102.24</b>	<b>62.75</b>
<b>(g) Investment in Equity Shares/Debentures/Preference Shares</b>		
Aditya Birla Power Ventures Limited	-	0.05
Birla Jingwei Fibres Company Limited	51.35	-
Birla Lao Pulp & Plantation Company Limited	14.87	9.85
Bhubaneswari Coal Mining Limited	21.84	11.60
Aditya Birla Elyaf Sanayi Ve Ticaret Anonim Sirketi	-	56.67
A.V. Terrace Bay Inc.	98.83	-
Aditya Group AB	-	274.89
<b>Total</b>	<b>186.89</b>	<b>353.06</b>

	₹ in Crore	
	Current Year	Previous Year
<b>(h) Sale of Fixed Assets</b>		
UltraTech Cement Limited	-	0.01
<b>(i) Purchase of Fixed Assets</b>		
Grasim Bhiwani Textiles Limited	0.08	0.03
UltraTech Cement Limited	39.95	15.92
Idea Cellular Limited	-	0.03
<b>Total</b>	<b>40.03</b>	<b>15.98</b>
<b>Outstanding Balances:</b>		
<b>(j) Trade Payables</b>		
UltraTech Cement Limited	0.28	0.45
A.V. Cell, Inc.	31.86	27.26
A.V. Nackawic, Inc.	5.12	14.83
Aditya Group AB	16.82	-
Aditya Birla Science & Technology Company Limited	0.01	-
Idea Cellular Limited	-	0.01
<b>Total</b>	<b>54.09</b>	<b>42.55</b>
<b>(k) Other Current Liabilities</b>		
Grasim Bhiwani Textiles Limited	4.27	12.00
UltraTech Cement Limited	1.53	-
<b>Total</b>	<b>5.80</b>	<b>12.00</b>
<b>(l) Trade Receivables</b>		
Samruddhi Swastik Trading and Investments Limited	-	0.05
Grasim Bhiwani Textiles Limited	3.11	6.08
Birla Jingwei Fibres Company Limited	0.96	-
<b>Total</b>	<b>4.07</b>	<b>6.13</b>
<b>(m) Advance Given against Equity Shares</b>		
Bhubaneswari Coal Mining Limited	-	9.40
<b>(n) Long-Term Loans and Advances</b>		
Grasim Bhiwani Textiles Limited	19.52	23.62
A.V. Cell, Inc.	36.07	34.45
Aditya Birla Science & Technology Company Limited	1.39	11.82
Smt. Usha Gupta	1.50	-
<b>Total</b>	<b>58.48</b>	<b>69.89</b>
<b>(o) Short-Term Loans and Advances</b>		
Samruddhi Swastik Trading and Investments Limited	0.01	-
Grasim Bhiwani Textiles Limited	2.17	2.52
Sun God Trading and Investments Limited	-	3.79
A.V. Nackawic, Inc.	-	1.93
Aditya Birla Science & Technology Company Limited	10.44	-
Birla Lao Pulp & Plantation Company Limited	-	0.16
Smt. Usha Gupta	-	1.00
<b>Total</b>	<b>12.62</b>	<b>9.40</b>
<b>(p) Guarantees and Collaterals</b>		
Grasim Bhiwani Textiles Limited	-	80.00
A.V. Nackawic, Inc.	-	127.61
<b>Total</b>	<b>-</b>	<b>207.61</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Grasim Industries Limited - Annual Report 2012-2013

### 4.6 RETIREMENT BENEFITS

#### 4.6.1 Defined Benefit Plans as per Actuarial Valuation:

##### 4.6.1.1 Gratuity and Pension:

₹ in Crore

	Gratuity (Funded)		Pension	
	Current Year	Previous Year	Current Year	Previous Year
(i) <b>Reconciliation of Present Value of the Obligation:</b>				
Opening Defined Benefit Obligation	140.21	122.35	9.16	9.66
<u>Adjustment of:</u>				
Current Service Cost	6.76	5.86	-	-
Interest Cost	11.60	10.04	0.73	0.75
Actuarial Loss/(Gain)	11.96	10.98	0.76	(0.13)
Benefits Paid	(13.76)	(9.02)	(1.19)	(1.12)
<b>Closing Defined Benefit Obligation</b>	<b>156.77</b>	<b>140.21</b>	<b>9.46</b>	<b>9.16</b>
(ii) <b>Reconciliation of Fair Value of the Plan Assets:</b>				
Opening Fair Value of Plan Assets	138.98	131.24	-	-
<u>Adjustment of:</u>				
Expected Return on Plan Assets	9.90	9.60	-	-
Actuarial Gain/(Loss)	5.20	(0.14)	-	-
Contributions by the Employer	16.44	7.30	1.19	1.12
Benefits Paid	(13.76)	(9.02)	(1.19)	(1.12)
<b>Closing Fair Value of the Plan Assets</b>	<b>156.76</b>	<b>138.98</b>	<b>-</b>	<b>-</b>
(iii) <b>Net Liabilities/(Assets) recognised in the Balance Sheet:</b>				
Present Value of the Defined Benefit Obligation at the end of the period	156.77	140.21	9.46	9.16
Fair Value of Plan Assets	156.76	138.98	-	-
<b>Net Liabilities/(Assets) recognised in the Balance Sheet</b>	<b>0.01</b>	<b>1.23</b>	<b>9.46</b>	<b>9.16</b>
(iv) <b>Amount recognised in Salary and Wages under Employee Benefits Expense in the Statement of Profit and Loss:</b>				
Current Service Cost	6.76	5.86	-	-
Interest on Defined Benefit Obligations	11.60	10.04	0.73	0.75
Expected Return on Plan Assets	(9.90)	(9.60)	-	-
Net Actuarial Loss/(Gain) recognised during the year	6.77	11.12	0.76	(0.13)
Effect of the Limit in Para 59(b) of (AS) 15	-	(0.20)	-	-
<b>Net Cost</b>	<b>15.23</b>	<b>17.22</b>	<b>1.49</b>	<b>0.62</b>
Less: Capitalised as Pre-operative Expenses in respect of Projects	1.05	0.40	-	-
<b>Net Charge to the Statement of Profit and Loss</b>	<b>14.18</b>	<b>16.82</b>	<b>1.49</b>	<b>0.62</b>
(v) <b>Actual Return on Plan Assets:</b>				
Expected Return on Plan Assets	9.90	9.60	N.A.	N.A.
Actuarial Gain/(Loss) on Plan Assets	5.20	(0.14)	N.A.	N.A.
<b>Actual Return on Plan Assets</b>	<b>15.10</b>	<b>9.46</b>	<b>N.A.</b>	<b>N.A.</b>
(vi) <b>Investment details of Plan Assets:</b>				
Government of India Securities	15%	10%	N.A.	N.A.
Corporate Bonds	13%	9%	N.A.	N.A.
Insurer Managed Funds	69%	78%	N.A.	N.A.
Others	3%	3%	N.A.	N.A.
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>N.A.</b>	<b>N.A.</b>



₹ in Crore

	Gratuity (Funded)		Pension	
	Current Year	Previous Year	Current Year	Previous Year
(vii) <b>Principal Actuarial Assumptions at the Balance Sheet Date:</b>				
Discount Rate	8.15%	8.51%	8.15%	8.51%
Estimated Rate of Return on Plan Assets	7.50%	7.50%	-	-
Salary Escalation Rate	8.00%	8.00%	-	-
Mortality	Indian Assured (2006-08) mortality tables	Published rates under LIC (1994-96) mortality tables	PA (90) annuity rates down by 4 years	PA (90) annuity rates down by 4 years

(viii) **Gratuity:**

The Employee's gratuity fund is managed by a Trust. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method as prescribed by the Accounting Standard (AS) 15 – Revised 'Employee Benefits', which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up final obligation.

(ix) **There are no amounts included in the Fair Value of Plan Assets for:**

- Company's own financial instrument
- Property occupied by or other assets used by the Company

(x) **Basis used to determine Expected Rate of Return on Plan Assets:**

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

(xi) **Salary Escalation Rate:**

The estimates of future salary increases are considered taking into account inflation, seniority, promotion, increments and other relevant factors.

(xii) **Experience Adjustments:**

₹ in Crore

(a) **Gratuity (Funded):**

	2012-13	2011-12	2010-11	2009-10	2008-09
Defined Benefit Obligation	156.77	140.21	122.35	122.77	202.61
Fair Value of Plan Assets	156.76	138.98	131.25	115.96	173.84
Surplus/(Deficit)	(0.01)	(1.23)	8.90	(6.81)	(28.77)
Expected Adjustments on Plan Liabilities	7.82	13.45	3.25	10.16	21.37
Expected Adjustments on Plan Assets	5.19	(0.14)	0.83	2.96	4.18

(b) **Pension Liabilities:**

	2012-13	2011-12	2010-11	2009-10	2008-09
Defined Benefit Obligation	9.46	9.16	9.66	9.51	9.94
Fair Value of Plan Assets	-	-	-	-	-
Surplus/(Deficit)	9.46	9.16	9.66	9.51	9.94
Expected Adjustments on Plan Liabilities	0.36	0.11	0.35	(0.16)	-

(xiii) The best estimate of the expected Contribution for the next year amounts to ₹ 7.50 Crore (Previous Year ₹ 7.50 Crore).

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Grasim Industries Limited - Annual Report 2012-2013

### 4.6.1.2 Compensated Absences:

The obligation for compensated absences is recognised in the same manner as gratuity, amounting to charge of ₹ 2.88 Crore (Previous Year ₹ 2.12 Crore).

### 4.6.2 Defined Contribution Plans:

Amount recognised as expense and included in the Note 3.7 as "Contribution to Provident and Other Funds" ₹ 22.50 Crore (Previous Year ₹ 20.04 Crore).

## 4.7 DISCLOSURE OF DERIVATIVE INSTRUMENTS

In Crore

### 4.7.1 Derivatives for hedging currency and interest rate, outstanding are as under:

Purpose	Foreign Currency	Amount in Foreign Currency		Cross Currency
		Current Year	Previous Year	
(a) Forward Contracts				
Import (Payables)	USD	0.92	1.88	INR
Overseas Direct Investment	CAD	0.25	-	USD
PCFC (Loan)	USD	1.50	-	INR
(b) Currency and Interest Rate Swaps				
ECB	JPY	130.07	201.67	INR

### 4.7.2 Unhedged Foreign Currency Exposure:

Foreign Currency	Amount in Foreign Currency		Equivalent ₹	
	Current Year	Previous Year	Current Year	Previous Year
Exports (Receivables)				
USD	2.71	2.35	147.23	119.56
Euro	0.16	1.50	10.99	76.31
Imports (Payables)				
USD	0.38	1.45	20.67	73.77
Euro	-	0.02	-	1.02
Bank Balance				
USD	0.10	-	5.60	-
Loans (Receivables)				
CAD	0.68	0.71	36.07	36.24

₹ in Crore

	Current Year	Previous Year
--	-----------------	------------------

**4.8 ADDITIONAL INFORMATION DETAILS****4.8.1 Value of Imports (on CIF Basis):**

(i) Raw Materials	1,150.83	836.42
(ii) Components and Spare Parts	18.01	16.27
(iii) Capital Goods	637.49	166.84

**4.8.2 Value of Imported and Indigenous Raw Materials and Stores and Spares Consumed:**

	Current Year		Previous Year	
	Value ₹ in Crore	%	Value ₹ in Crore	%
<b>Raw Materials:</b>				
Imported	1,220.68	47%	1,004.44	42%
Indigenous	1,393.14	53%	1,400.89	58%
<b>Total</b>	<b>2,613.82</b>	<b>100%</b>	<b>2,405.33</b>	<b>100%</b>
<b>Stores and Spares:</b>				
Imported	13.83	9%	18.33	13%
Indigenous	142.52	91%	126.94	87%
<b>Total</b>	<b>156.35</b>	<b>100%</b>	<b>145.27</b>	<b>100%</b>

**4.8.3 Expenditure in Foreign Currency on Accrual Basis (Gross):**

(i) Technical Know-how and Services	2.57	-
(ii) Professional and Consultancy Fees	5.56	5.40
(iii) Finance Cost on Foreign Currency Loans	4.98	13.43
(iv) Others	9.17	9.34

**4.8.4 Earnings in Foreign Exchange on Accrual Basis (Gross):**

(i) Export of Goods on FOB Basis	1,263.14	1,118.78
(ii) Technical Know-how and Service Charges	0.24	0.21
(iii) Interest and Dividend	14.66	19.51
(iv) Sale of Fixed Asset	5.27	-
(v) Others	1.17	1.93

**4.8.5 Assets Taken on Operating Lease:**

1 Operating Lease Payments recognised in the Statement of Profit and Loss	7.46	4.76
2 The total of future minimum lease payments under non-cancellable operating leases are as follows:		
For a period not later than one year	2.35	2.35
For a period later than one year and not later than five years	1.17	3.52
For a period later than five years	-	-
3 General Description of Leasing Agreements:		
(i) Lease Assets: Godowns, Offices, Flats and Others		
(ii) Future Lease Rentals are determined on the basis of agreed terms		
(iii) At the expiry of lease terms, the Company has an option to return the assets or extend the term by giving notice in writing		

**4.8.6 Amount Remitted during the year in Foreign Currency on account of Dividend:**

(i) Equity Dividend for the year ended	31-03-2012	31-03-2011
(ii) Number of Non-Resident Equity Shareholders	141	147
(iii) Number of Shares held by them	26,44,278	26,45,576
(iv) Amount Remitted as Dividend (₹ in Crore)	5.95	5.29

**NOTES FORMING PART OF THE  
FINANCIAL STATEMENTS**

Grasim Industries Limited - Annual Report 2012-2013

- 4.8.7** Previous year figures have been regrouped/reclassified, wherever necessary, to correspond with the current year classification/disclosure.
- 4.8.8** Figures less than ₹ 50,000 have been shown at actual, wherever statutorily required to be disclosed, as the figures have been rounded off to the nearest lakh.

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Signatures to Notes '1' to '4'

For GRASIM INDUSTRIES LIMITED

K.K. Maheshwari  
Managing DirectorB.V. Bhargava  
M.L. Apte  
DirectorsAdesh Gupta  
Whole-time Director & CFOAshok Malu  
Company SecretaryMumbai  
Dated: 4th May, 2013

**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF GRASIM INDUSTRIES LIMITED****Report on the Consolidated Financial Statements**

We have audited the accompanying Consolidated Financial Statements of GRASIM INDUSTRIES LIMITED (the "Company"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute ("the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Consolidated Financial Statements**

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group, in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries and jointly controlled entities referred to below in the Other Matters paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2013;
- in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

**Emphasis of Matter**

We draw attention to Note 4.7.4 to the financial statements which describes the uncertainty related to the penalty of ₹1,175.49 Crore imposed by the Competition Commission of India on UltraTech Cement Limited (UTCL), a subsidiary of the Company, along with certain cement manufacturing companies for alleged cartelisation, for which no provision has been made based on a legal opinion obtained by UTCL.

Our opinion is not qualified in respect of this matter.

**Other Matters**

- The consolidated financial statements include the unaudited financial statements of four subsidiaries and seven jointly controlled entities whose financial statements reflect total assets (net) of ₹2,189.63 Crore as at 31st March, 2013, total revenue of ₹967.97 Crore and the net cash outflows amounting to ₹86.84 Crore for the year ended on that date, as considered in the consolidated financial statements based on their unaudited financial statements.

The consolidated financial statements also reflect the Group's share of net profit of ₹20.34 Crore for the year ended 31st March, 2013, and the Group's share of net profit of ₹46.43 Crore upto 31st March, 2013, of an associate based on its unaudited financial statements.

In our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, jointly controlled entities and associates, is based solely on such unaudited financial statements.

- The financial statements of six subsidiaries as considered in the consolidated financial statements, which reflect total assets (net) of ₹432.29 Crore as at 31st March, 2013, total revenues of ₹412.81 Crore and the net cash outflows amounting to ₹2.29 Crore for the year ended on that date, have been audited by M/s. G.P. Kapadia & Co., Chartered Accountants, one of the joint auditors of the Company, and the Group's share of net profit of ₹52.16 Crore for the year ended 31st March, 2013, and the Group's share of net profit and reserves of ₹573.23 Crore upto 31st March, 2013, of an associate, whose financial statements have been audited by M/s. Deloitte Haskins & Sells, Chartered Accountants, one of the joint auditors of the Company.
- We did not audit the financial statements of eleven subsidiaries and three jointly controlled entities, whose financial statements reflect the total asset (net) of ₹2,478.22 Crore as at 31st March, 2013, total revenues of ₹1,385.11 Crore and the net cash flows amounting to ₹5.46 Crore for the year ended on that date, and the Group's share of net profit of ₹1.15 Crore for the year ended 31st March, 2013, and the Group's share of net profit of ₹0.51 Crore upto 31st March, 2013, as considered in the consolidated financial statements. These financial statements have been audited by other auditors, whose reports have been furnished to us by the Company's Management, and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and an associate, is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of these matters.

For **DELOITTE HASKINS & SELLS**

Chartered Accountants  
(Firm Registration No. 117366W)

**B.P. Shroff**  
Partner

(Membership No. 34382)  
Mumbai, 4th May, 2013

For **G.P. KAPADIA & Co.**  
Chartered Accountants  
(Firm Registration No. 104768W)

**Atul B. Desai**  
Partner  
(Membership No. 30850)

## CONSOLIDATED BALANCE SHEET

Grasim Industries Limited - Annual Report 2012-2013

**GRASIM INDUSTRIES LIMITED**  
**CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2013**

₹ in Crore

	Note	Current Year	Previous Year
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2.1	91.79	91.72
Share Capital (Other than Equity)	2.2	42.66	41.92
Reserves and Surplus	2.3	19,522.09	16,935.01
		<b>19,656.54</b>	17,068.65
<b>Minority Interest</b>		<b>6,220.98</b>	5,233.38
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	2.4	6,653.07	5,724.50
Deferred Tax Liabilities (Net)	2.5	2,310.62	1,986.71
Other Long-Term Liabilities	2.6	15.29	21.91
Long-Term Provisions	2.7	189.51	166.93
		<b>9,168.49</b>	7,900.05
<b>Current Liabilities</b>			
Short-Term Borrowings	2.8	1,774.27	828.80
Trade Payables	2.9	2,881.06	2,632.00
Other Current Liabilities	2.10	3,232.32	2,069.70
Short-Term Provisions	2.11	1,139.94	805.97
		<b>9,027.59</b>	6,336.47
<b>TOTAL</b>		<b>44,073.60</b>	36,538.55
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets	2.12		
Tangible Assets		17,484.10	15,008.80
Intangible Assets		67.62	43.90
Capital Work-in-Progress		6,084.22	2,460.47
Intangible Assets Under Development		0.06	0.64
		<b>23,636.00</b>	17,513.81
Goodwill on Consolidation	2.13	3,009.69	2,496.41
Non-Current Investments	2.14	3,164.92	2,853.74
Deferred Tax Assets (Net)	2.15	9.35	7.67
Long-Term Loans and Advances	2.16	1,591.72	2,131.56
		<b>31,411.68</b>	25,003.19
<b>Current Assets</b>			
Current Investments	2.17	4,845.87	5,022.06
Inventories	2.18	3,740.76	3,071.11
Trade Receivables	2.19	2,186.29	1,728.75
Cash and Bank Balances	2.20	229.18	326.60
Short-Term Loans and Advances	2.21	1,621.12	1,353.75
Other Current Assets	2.22	38.70	33.09
		<b>12,661.92</b>	11,535.36
<b>TOTAL</b>		<b>44,073.60</b>	36,538.55

Significant Accounting Policies

1

Accompanying Notes are an integral part of the Financial Statements

In terms of our report attached

For DELOITTE HASKINS & SELLS,  
Chartered AccountantsFor G.P. KAPADIA & CO.,  
Chartered Accountants

For GRASIM INDUSTRIES LIMITED

K.K. Maheshwari  
Managing DirectorB.V. Bhargava  
M.L. Apte  
DirectorsB.P. Shroff  
PartnerAtul B. Desai  
PartnerAdesh Gupta  
Whole-time Director & CFOMumbai  
Dated: 4th May, 2013Ashok Malu  
Company Secretary



# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

## GRASIM INDUSTRIES LIMITED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2013 ₹ in Crore

	Note	Current Year	Previous Year
<b>REVENUE</b>			
Sale of Products and Services (Gross)	3.1	30,817.81	27,652.36
Other Operating Revenues	3.2	264.60	261.31
		31,082.41	27,913.67
Less: Excise Duty		3,178.09	2,668.78
<b>Revenue from Operations (Net)</b>		<b>27,904.32</b>	<b>25,244.89</b>
Other Income	3.3	619.53	741.54
<b>Total Revenue (I)</b>		<b>28,523.85</b>	<b>25,986.43</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	3.4	6,143.15	5,359.67
Purchases of Stock-in-Trade	3.5	339.65	261.56
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	3.6	(196.25)	(85.82)
Employee Benefits Expense	3.7	1,670.63	1,377.79
Power and Fuel		5,603.83	5,460.52
Freight and Handling Expenses	3.8	4,469.47	3,890.88
Other Expenses	3.9	4,065.14	3,478.82
		22,095.62	19,743.42
Less: Captive Consumption [Net of Excise Duty of ₹ 8.90 Crore (Previous Year ₹ 6.72 Crore)]		114.89	77.59
<b>Total Expenses (II)</b>		<b>21,980.73</b>	<b>19,665.83</b>
<b>Profit Before Interest, Depreciation/Amortisation and Tax (PBITD) (I) - (II)</b>		<b>6,543.12</b>	<b>6,320.60</b>
Finance Costs	3.10	324.14	313.99
Depreciation and Amortisation		1,252.06	1,154.41
<b>Profit Before Exceptional Item and Tax</b>		<b>4,966.92</b>	<b>4,852.20</b>
Add: Exceptional Item	3.11	204.43	-
<b>Profit Before Tax</b>		<b>5,171.35</b>	<b>4,852.20</b>
Tax Expense			
Current Tax		1,287.27	1,314.44
MAT Credit		(64.30)	-
Provision for Tax of Earlier Year Written Back		(7.02)	(11.23)
Deferred Tax		251.26	17.56
<b>Total Tax Expense</b>		<b>1,467.21</b>	<b>1,320.77</b>
<b>Profit After Tax</b>		<b>3,704.14</b>	<b>3,531.43</b>
Add: Share in Profit of Associates		73.65	63.16
Less: Minority Interest		1,073.40	947.13
<b>Profit for the Year</b>		<b>2,704.39</b>	<b>2,647.46</b>
<b>Earnings Per Equity Share (Face Value ₹ 10 each)</b>	3.12		
Basic (₹)		294.75	288.65
Diluted (₹)		294.51	288.40

Significant Accounting Policies 1  
Accompanying Notes are an integral part of the Financial Statements

In terms of our report attached

For DELOITTE HASKINS & SELLS,  
Chartered Accountants

For G.P. KAPADIA & CO.,  
Chartered Accountants

For GRASIM INDUSTRIES LIMITED

K.K. Maheshwari  
Managing Director

B.V. Bhargava  
M.L. Apte  
Directors

B.P. Shroff  
Partner

Atul B. Desai  
Partner

Adesh Gupta  
Whole-time Director & CFO

Mumbai  
Dated: 4th May, 2013

Ashok Malu  
Company Secretary

## CONSOLIDATED CASH FLOW STATEMENT

Grasim Industries Limited - Annual Report 2012-2013

**GRASIM INDUSTRIES LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013**

	Current Year	Previous Year
	₹ in Crore	
<b>A. Cashflow from Operating Activities</b>		
a. Net Profit Before Tax	5,171.35	4,852.20
Adjustment for:		
Depreciation and Amortisation	1,252.06	1,154.41
Employees' Compensation Expenses under Employee Stock Option Scheme	1.36	2.79
Finance Costs	324.14	313.99
Interest Income	(59.50)	(54.26)
Dividend Income	(113.09)	(146.66)
Provision for Bad and Doubtful Debts and Advances/(Written Back) (Net)	0.21	0.72
Bad Debts Written Off	0.21	0.24
Non-Cash Items	(1.36)	(46.68)
Profit on Sale of Fixed Assets (Net)	(1.74)	(1.52)
Profit on Sale of Mutual Funds, Units, Bonds and Certificate of Deposits (Net)	(397.65)	(408.86)
Profit on Sale of Long-Term Investments (Exceptional Item) (Note 3.11)	(204.43)	-
b. Operating Profit Before Working Capital Changes	5,971.56	5,666.37
Adjustment for:		
Trade and Other Receivables	(619.61)	(636.33)
Inventories	(615.13)	(327.67)
Trade and Other Payables	463.16	711.29
c. Cash Generated from Operations	5,199.98	5,413.66
Direct Taxes Paid (Net)	(942.99)	(1,118.17)
<b>Net Cash from Operating Activities</b>	<b>4,256.99</b>	<b>4,295.49</b>
<b>B. Cashflow from Investing Activities</b>		
Purchase of Fixed Assets	(6,021.25)	(4,429.03)
Sale of Fixed Assets	15.09	10.12
Sale of Long-Term Investments (Exceptional Item)	221.60	-
Investments in Subsidiaries	(160.00)	-
Investments in Joint Ventures and Associates	(0.87)	(274.89)
Sale/(Purchase) of Mutual Funds, Bonds and Certificates of Deposits (Net)	9.00	805.87
Expenditure for Cost of Assets transferred from Samruddhi Cement Limited to UltraTech Cement Limited, pursuant to Scheme of Arrangement	-	(21.83)
Loans and Advances to other Companies, including ICD's	16.78	84.03
Interest Received	60.97	50.18
Dividend Received	113.09	146.66
<b>Net Cash Used in Investing Activities</b>	<b>(5,745.59)</b>	<b>(3,628.89)</b>
<b>C. Cashflow from Financing Activities</b>		
Proceeds from Issue of Share Capital under ESOS (Net)	18.11	3.24
Proceeds from Long-Term Borrowings	1,628.43	1,421.07
Repayments of Long-Term Borrowings	(312.75)	(1,358.66)
Proceeds/(Repayment) of Short-Term Borrowings	818.54	(78.09)
Interest Paid (Net of Subsidy)	(458.94)	(376.77)
Dividends Paid	(293.09)	(249.31)
Corporate Dividend Tax	(47.59)	(40.33)
<b>Net Cash from /(used in) Financing Activities</b>	<b>1,352.71</b>	<b>(678.85)</b>
<b>D. Net (Decrease) in Cash and Cash Equivalents</b>	<b>(135.89)</b>	<b>(12.25)</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>326.60</b>	<b>284.54</b>
<b>Add:</b>		
Cash and Cash Equivalents transferred on acquisition of a Subsidiary	1.01	-
Cash and Cash Equivalents in relation to Joint Venture earlier consolidated as an Associate (Note 4.2.4)	7.38	-
Effect of Exchange Rate on Consolidation of Foreign Subsidiaries/Joint Ventures	30.08	54.31
<b>Cash and Cash Equivalents at the end of the year</b>	<b>229.18</b>	<b>326.60</b>
(Cash and Cash Equivalents represent Cash and Bank Balances)		

**Notes:**

- (i) Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard-3.  
(ii) Cash and Cash Equivalents include ₹15.17 Crore (Previous Year ₹14.44 Crore), which are statutorily and contractually restricted accounts.  
(iii) Previous year figures have been regrouped/recasted, wherever necessary.

In terms of our report attached

For DELOITTE HASKINS & SELLS,  
Chartered AccountantsFor G.P. KAPADIA & CO.,  
Chartered Accountants

For GRASIM INDUSTRIES LIMITED

K.K. Maheshwari  
Managing DirectorB.V. Bhargava  
M.L. Apte  
DirectorsB.P. Shroff  
PartnerAtul B. Desai  
PartnerAdesh Gupta  
Whole-time Director & CFOMumbai  
Dated: 4th May, 2013Ashok Malu  
Company Secretary

**GENERAL INFORMATION**

Grasim Industries Limited (the "Company") is engaged primarily in two businesses, Viscose Staple Fibre (VSF) and in Cement, through its subsidiary. It also produces Rayon Grade Pulp, Caustic Soda and allied Chemicals which are used in the manufacture of VSF. The manufacturing plants of the Company, its Subsidiaries and Joint Ventures are located in India, Canada, Sweden, China, Middle East, Sri Lanka and Bangladesh. The Company is a public limited company and its shares are listed on the Bombay Stock Exchange (BSE), India, and the National Stock Exchange (NSE), India, and the Company's GDRs are listed on the Luxembourg Stock Exchange.

**1. SIGNIFICANT ACCOUNTING POLICIES****1.1 Basis of Preparation:**

The financial statements have been prepared and presented in accordance with the Generally Accepted Accounting Principles (GAAP) in India under historical cost convention on accrual basis and comply in all material aspects with the Accounting Standards (AS) and the relevant provisions prescribed in the Companies Act, 1956, besides the pronouncements/guidelines of the Institute of Chartered Accountants of India (ICAI) and of the Securities and Exchange Board of India (SEBI).

**1.2 Classification of Assets and Liabilities as Current and Non-Current:**

All assets and liabilities are classified as current or non-current as per the Company's normal operating cycles and other criteria set out in Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, 12 months period has been considered by the Company as its normal operating cycle for the purpose of current-non-current classification of assets and liabilities.

**1.3 Use of Estimates:**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and reported amount of revenues and expenses during the reporting period and the disclosures relating to contingent liabilities as of the date of the Financial Statements. Although these estimates are based on the management's best knowledge of current events and actions, the actual outcome may be different from the estimates. Difference between actual results and estimates are recognised in the period in which the results are known or materialise.

**1.4 Government Grants:**

Any government grant is recognised when there is reasonable assurance of its receipt. A capital grant relating to specific assets is reduced from the gross value of the fixed assets, and capital grant for Project Capital Subsidy is credited to Capital Reserve. Revenue grant is recognised in the Statement of Profit and Loss.

**1.5 General Reserve:**

General Reserve is created by appropriation from profits of the current year and/or undistributed profits of previous years, before declaration of dividend duly complying with any regulations in this regard. The General Reserve is a free reserve and can be utilised in accordance with the provisions of the Companies Act, 1956.

**1.6 Fixed Assets:**

Fixed assets (Tangible and Intangible) are stated at cost, less accumulated depreciation/amortisation. Cost comprises the purchase price and any attributable cost of bringing the asset to its location and working condition for its intended use. Fixed Assets retired from active use and held for sale are stated at lower of their net book value and net realisable value and are disclosed separately in the Financial Statements under Current Assets.

**1.7 Treatment of Expenditure during Construction Period:**

Expenditure during construction period is included under capital work-in-progress and the same is allocated to the respective fixed assets on the completion of construction.

**1.8 Impairment of Assets:**

Carrying amount of assets is reviewed at the Balance Sheet date if there is any indication of impairment based on the internal and external factors. The assets are treated as impaired when the carrying amount of the asset exceeds its recoverable amount.

An impairment loss, if any, is charged to the Statement of Profit and Loss as and when it arises. Impairment loss recognised in prior years is reversed when there is an indication that impairment loss recognised for the asset no longer exists or may have decreased.

**1.9 Investments:**

Long-term investments are stated at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of investments, such reduction being determined and made for each investment individually.

Current investments, except current maturities of Long-term investments, are stated at lower of cost and fair value determined for each category of investments.

**1.10 Inventories:**

Inventories are valued at the lower of cost and net realisable value. The cost is computed on weighted-average basis. In case of sale of raw material/stores the proceeds are credited to their respective heads.

Cost of finished goods and process stock include cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. In the absence of cost, waste/scrap is valued at estimated net realisable value.

Obsolete, defective, slow moving and/or unserviceable inventories, if any, are duly provided for.

**1.11 Financial Derivatives:**

Financial derivative instruments, such as swaps and options, are meant to hedge risks associated with fluctuations in foreign exchange and interest rates, and accordingly are closely linked with the underlying transactions and are intended to be held to maturity. The underlying transactions are recorded as per the terms of the financial derivative contracts.

**1.12 Revenue Recognition:**

Sales revenue is recognised on transfer of the significant risks and rewards of ownership of the goods to the buyer and stated net of sales tax, VAT, trade discounts and rebates but includes excise duty.

Income from services is recognised as they are rendered (based on agreement/arrangement with the concerned customers).

Dividend income on investments is accounted for as and when the right to receive the payment is established.

Interest income is recognised on time-proportion basis.

Export or other government incentives, insurance claims and other claims, where quantum of accruals cannot be ascertained with reasonable certainty, are accounted on acceptance basis.

Profit on sale of investments is recorded on transfer of title from the Company and is determined as the difference between the sale price and carrying value of investment and other incidental expenses.

**1.13 Employee Benefits:****Short-Term Employee Benefits**

Short-term employee benefits are recognised as an expense on accrual basis.

**Defined Contribution Plan**

Contribution payable to recognised provident fund and approved superannuation scheme, which are substantially defined contribution plans, are recognised as expense in the Statement of Profit and Loss, as they are incurred.

The Provident Fund contribution as specified under the law is paid to the Provident Fund set-up as an irrevocable trust by the Company or to the Regional Provident Fund Commissioner. The Company is liable for any shortfall in the Fund assets based on the Government specified minimum rates of return. Such shortfall, if any, is recognised in the Statement of Profit and Loss as an expense in the year incurred.

**Defined Benefit Plan**

The obligation in respect of defined benefit plans, which covers Gratuity and Pension are provided for on the basis of an actuarial valuation at the end of each financial year. Gratuity is funded with an approved fund. Actuarial gains/losses, if any, are recognised immediately in the Statement of Profit and Loss.

**Other Long-Term Benefits**

Long-term compensated absences are provided for on the basis of an actuarial valuation at the end of each financial year. Actuarial gains/losses, if any, are recognised immediately in the Statement of Profit and Loss.

**1.14 Employee Share-Based Payments:**

The stock options granted under Employee Stock Option Scheme, 2006, are accounted for as per the accounting treatment prescribed by the Securities and Exchange Board of India, whereby the intrinsic value of options is recognised as deferred employee compensation. The deferred employee compensation is

charged to the Statement of Profit and Loss on the straight-line basis over the vesting period of the option. The employee stock option outstanding account is shown net of any unamortised deferred employee compensation.

#### 1.15 Foreign Currency Transactions and Translation:

Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities in foreign currency existing at the Balance Sheet date are translated at the year-end exchange rates.

Exchange differences, including premium or discount on forward exchange contracts, arising till the commissioning of fixed assets, relating to borrowed funds and liabilities in foreign currency for acquisition of the fixed assets, are adjusted to the cost of fixed assets. All other exchange differences are recognised in the Statement of Profit and Loss.

The premium or discount on forward exchange contracts entered into to hedge an existing asset/liability is amortised as expense or income over the life of the contract. Any gain or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense, as the case may be, on such occurrence.

Forward exchange contracts entered to hedge firm commitment and outstanding as at the year end are marked to market. In accordance with the announcement by the Institute of Chartered Accountants of India on 'Accounting for Derivatives', the marked to market losses, if any, are recognised in the Statement of Profit and Loss while gains are ignored.

Investment in Share Capital of companies registered outside India is carried in the Balance Sheet at the rates at which transactions have been executed.

Exchange difference arising on restatement of long-term monetary items that in substance forms part of the Company's net investment in non-integral foreign operations is accumulated in Foreign Currency Translation Reserve until the disposal of the investment, at which time such exchange difference is recognised in the Statement of Profit and Loss.

#### 1.16 Research and Development Expenditure:

Expenditure incurred during research phase is capitalised if such expenditure leads to creation of any intangible asset, otherwise the expenditure is charged to revenue. Fixed assets procured for research and development activities are capitalised.

#### 1.17 Operating Leases:

Leases, where risk and reward of ownership are significantly retained by the lessor, are classified as operating leases, and lease rentals thereon are charged to the Statement of Profit and Loss equally over the period of the lease.

#### 1.18 Borrowing Cost:

Borrowing cost includes interest and ancillary cost incurred in connection with the borrowings. Borrowing costs, in connection with the borrowing of funds to the extent attributable to the acquisition or construction of a qualifying fixed asset, are capitalised as part of the cost of such asset till such time the asset is ready for its intended use. All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

#### 1.19 Depreciation/Amortisation:

Depreciation/Amortisation charge is provided on fixed assets applying the useful life specified in Schedule XIV to the Companies Act, 1956, or based on estimated useful life or on the basis of depreciation rates prescribed under respective local laws.

The details of estimated life for each category of assets is as under:

Category of Assets	Estimated Useful Life (in years)
Leasehold Land	Over the period of lease
Buildings	9 - 40 Years
Railway Sidings	20 Years
Plant and Machinery	4 - 40 Years
Ships	19 Years
Furniture, Fittings and Office Equipment	3 - 20 Years
Vehicles	3 - 15 Years
Intangible Assets-Softwares	3 - 5 Years
Individual assets costing less than ₹ 5,000 are depreciated in full in the year of acquisition	

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Grasim Industries Limited - Annual Report 2012-2013

Continuous process plants as defined in Schedule XIV of the Companies Act, 1956, have been classified on technical assessment and depreciation provided accordingly.

In respect of fixed assets, added/disposed off during the year, the depreciation is provided on *pro-rata* basis with reference to the month of addition/deduction, however, in case of new projects the depreciation from the date of commissioning of such project is charged to the Statement of Profit and Loss.

### 1.20 Provision for Current and Deferred Tax:

Provision for Current Tax is made on the basis of estimated taxable income for the current accounting period in accordance with the provisions of the Income Tax Act, 1961.

Deferred Tax resulting from timing difference between book and taxable profit for the year is accounted for using the Tax rates and laws enacted or substantively enacted as on the Balance Sheet Date. The Deferred Tax asset is recognised and carried forward only to the extent there is a reasonable certainty of its realisation in future.

### 1.21 Minimum Alternate Tax (MAT):

MAT is recognised as an asset only when and to the extent there is convincing evidence based on projections that the Company will pay normal Income-tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in the Guidance Note issued by the ICAI, the said asset is created by way of a credit to the Statement of Profit and Loss, and is shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income-tax during the specified period.

### 1.22 Provisions/Contingencies:

A provision is recognised when there is a present obligation as a result of past event, and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined (as provided/charged to the Statement of Profit and Loss) based on estimate of the amount required to settle the obligation at the Balance Sheet date and are not discounted to the present value.

Contingent liabilities are not recognised but are disclosed in the financial statements. Claims against the Company, where the possibility of materialisation is remote, are not considered as contingent liabilities.

Contingent assets are neither recognised nor disclosed in the financial statements.

### 1.23 Goodwill:

Goodwill arising out of consolidation of financial statements of Subsidiaries and Joint Ventures is not amortised. However, the same is tested for impairment at each Balance Sheet Date.

## 2.1 SHARE CAPITAL

	₹ in Crore	
	Current Year	Previous Year
<b>2.1.1 Authorised</b>		
95,000,000 Equity Shares of ₹ 10 each	<b>95.00</b>	95.00
Redeemable Cumulative Preference Shares of ₹ 100 each		
150,000 15% "A" Series	<b>1.50</b>	1.50
100,000 8.57% "B" Series	<b>1.00</b>	1.00
300,000 9.30% "C" Series	<b>3.00</b>	3.00
	<b>100.50</b>	100.50
<b>2.1.2 Issued, Subscribed and Fully Paid</b>		
91,776,533 (Previous Year 91,709,742) Equity Shares of ₹ 10 each fully paid	<b>91.78</b>	91.71
<b>Share Capital Suspense</b>		
14,879 (Previous Year 14,906) Equity Shares of ₹ 10 each to be issued as fully paid-up pursuant to acquiring of the Cement Business of Aditya Birla Nuvo Limited under the Scheme of Arrangement without payment being received in cash	<b>0.01</b>	0.01
	<b>91.79</b>	91.72



₹ in Crore

			Current Year	Previous Year
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### 2.1.3 Reconciliation of the Number of Equity Shares Outstanding (including Share Capital Suspense)

	Number of Shares			
	Current Year	Previous Year		
Outstanding as at the beginning of the year	91,724,648	91,713,684	91.72	91.71
Issued during the year under Employee Stock Option Scheme	66,764	10,964	0.07	0.01
Outstanding as at the end of the year	91,791,412	91,724,648	91.79	91.72

### 2.1.4 Aggregate Number of Equity Shares allotted as fully paid-up out of Share Capital Suspense as aforesaid during the period of five years immediately preceding the reporting date (without payment being received in cash)

378	745
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### 2.1.5 List of Shareholders holding more than 5% shares in the Equity Share Capital of the Company:

	Current Year		Previous Year	
	Number of Shares	% Holding	Number of Shares	% Holding
Turquoise Investment and Finance Private Limited	5,908,341	6.44%	5,908,341	6.44%
Trapti Trading and Investments Private Limited	5,477,863	5.97%	5,477,863	5.97%
Life Insurance Corporation of India	5,375,364	5.86%	6,512,338	7.10%

### 2.1.6 Equity Shares of ₹ 10 each represented by Global Depository Receipts (No voting rights)

12,997,155	14.16%	10,536,733	11.49%
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### 2.1.7 Rights, Preferences and Restrictions attached to Equity Shares:

The Company has only one class of Equity Shares having a par value of ₹ 10 per share. Each holder of Equity Shares is entitled to one vote per share. The Company declares dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of the Equity Shares held by the Shareholders.

## 2.2 SHARE CAPITAL (OTHER THAN EQUITY)

Class 'B' Non-Voting Shares of A.V. Cell Inc.	22.84	22.97
6% Non-Cumulative, Redeemable, Retractable Preferred Shares Capital of A.V. Nackawic Inc.	19.82	18.95
	42.66	41.92

NOTES FORMING PART OF THE  
CONSOLIDATED FINANCIAL STATEMENTS

Grasim Industries Limited - Annual Report 2012-2013

## 2.3 RESERVES AND SURPLUS

	Capital Reserve- Capital Subsidy	Capital Reserve on Consolidation	Capital Reserve - Others	Debenture Redemption Reserve	General Reserve	Securities Premium Account	Employee Share Options Outstanding #	Special Reserve Fund	Foreign Currency Translation Reserve	Surplus as per the Statement of Profit and Loss	Total
<b>Current Year</b>											
Opening Balance as at 1st April, 2012	0.58	-	0.04	71.19	15,958.33	12.94	16.27	3.72	93.17	778.77	16,935.01
Profit for the Year	-	-	-	-	-	-	-	-	-	2,704.39	2,704.39
Proposed Dividend (including Corporate Dividend Tax)	-	-	-	-	-	-	-	-	-	(258.27)	(258.27)
Movement during the year	0.03	41.97	0.04	9.46	2,409.87	40.50	(5.01)	0.77	80.13	(2,436.80)	140.96
<b>Closing Balance as at 31st March, 2013</b>	<b>0.61</b>	<b>41.97</b>	<b>0.08</b>	<b>80.65</b>	<b>18,368.20</b>	<b>53.44</b>	<b>11.26</b>	<b>4.49</b>	<b>173.30</b>	<b>788.09</b>	<b>19,522.09</b>
<b>Previous Year</b>											
Opening Balance as at 1st April, 2011	0.52	-	0.03	114.33	12,761.52	7.53	14.73	3.22	21.53	1,520.49	14,443.90
Profit for the Year	-	-	-	-	-	-	-	-	-	2,647.46	2,647.46
Proposed Dividend (including Corporate Dividend Tax)	-	-	-	-	-	-	-	-	-	(253.95)	(253.95)
Movement during the year	0.06	-	0.01	(43.14)	3,196.81	5.41	1.54	0.50	71.64	(3,135.23)	97.60
<b>Closing Balance as at 31st March, 2012</b>	<b>0.58</b>	<b>-</b>	<b>0.04</b>	<b>71.19</b>	<b>15,958.33</b>	<b>12.94</b>	<b>16.27</b>	<b>3.72</b>	<b>93.17</b>	<b>778.77</b>	<b>16,935.01</b>

**2.3.1** The Board of Directors has recommended a dividend of ₹ 22.50 per share (Previous Year ₹ 22.50 per share) for the year ended, 31st March, 2013.

**2.3.2** Proposed Dividend (including Corporate Dividend Tax) for the Current Year includes ₹ 0.02 Crore (Previous Year ₹ 0.01 Crore) related to previous year.

**2.3.3** Movement during the year in Capital Reserve on Consolidation is on consolidation of Aditya Group AB, Joint Venture entity w.e.f. 1st October, 2012, pursuant to a signing of a Shareholder Agreement, earlier the same was consolidated as an Associate (Note 4.2.4).

**2.3.4** Movement during the year in General Reserve represents amount transfer from Surplus as per the Statement of Profit and Loss and adjustment in respect of Financial Statements of two Joint Ventures prepared as per IFRS (Note 4.2.5).

# Net of Deferred Employees' Compensation Expenses ₹ 1.12 Crore (Previous Year ₹ 2.35 Crore).

₹ in Crore

	Current Year	Previous Year		
<b>2.4 LONG-TERM BORROWINGS</b>				
<b>Secured</b>				
Non-Convertible Debentures	450.00	523.63		
Term Loans from Banks				
Ruppee Term Loans	1,410.59	937.98		
Foreign Currency Loans	1,089.78	1,017.29		
Deferred Sales Tax Loans	21.14	17.90		
Other Secured Loans	206.02	202.44		
	<b>3,177.53</b>	2,699.24		
<b>Unsecured</b>				
Term Loans From Banks				
Foreign Currency Loans	3,046.53	2,503.21		
Deferred Sales Tax Loans	409.61	501.37		
Other Unsecured Loans	19.40	20.68		
	<b>6,653.07</b>	5,724.50		
<b>2.5 DEFERRED TAX LIABILITIES (NET)</b>				
	Current Year	Charge for the Year	Adjustments (Refer Note 2.5.1)	Previous Year
<b>Deferred Tax Liabilities:</b>				
Accumulated Depreciation	2,485.65	281.44	55.75	2,148.46
Payments Allowed under Tax Not Expensed in Books	(0.10)	(0.10)	-	-
Others	49.98	(8.52)	58.50	-
	2,535.53	272.82	114.25	2,148.46
<b>Deferred Tax Assets:</b>				
Accrued Expenses allowable on payment basis	172.09	21.56	-	150.53
Expenses allowable in instalments in Income-tax	1.46	(1.07)	-	2.53
Provision for Contingencies				
allowable on payment basis	4.97	0.91	-	4.06
Unabsorbed Losses	43.54	2.18	41.36	-
Others	2.85	(3.66)	1.88	4.63
	224.91	19.92	43.24	161.75
<b>Deferred Tax Liabilities (Net)</b>	2,310.62	252.90	71.01	1,986.71
<b>2.5.1</b> Adjustment includes Deferred Tax Liability of Aditya Group AB as on 1st October, 2012 (Note 4.2.4) and of A.V. Cell Inc. and A.V. Nackawic Inc. as on 1st April, 2012 (Note 4.2.5).				
<b>2.5.2</b> The Tax Expense for the year ended 31st March, 2013, includes additional charge for Deferred Tax Liability of ₹ 102.26 Crore. This is due to increase in rate of surcharge on Income-tax proposed in the Finance Bill, 2013.				
<b>2.5.3</b> Net Deferred Tax charge for the year (also refer Note 2.15) includes amount of ₹ 2.03 Crore related to translation difference of Deferred Tax Liability/Asset of Foreign Subsidiaries/Joint Ventures, as on Balance Sheet Date.				
<b>2.6 OTHER LONG-TERM LIABILITIES</b>				
Security and Other Deposits	0.71	0.49		
Trade Payables	1.81	2.40		
Other Liabilities	12.77	19.02		
	<b>15.29</b>	21.91		
<b>2.7 LONG-TERM PROVISIONS</b>				
For Employee Benefits	177.78	158.05		
For Asset Retirement Obligation {Note 2.11.1 (a)}	11.73	8.88		
	<b>189.51</b>	166.93		

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Grasim Industries Limited - Annual Report 2012-2013

₹ in Crore

	Current Year	Previous Year
<b>2.8 SHORT-TERM BORROWINGS</b>		
<b>Secured</b>		
From Banks	<b>853.81</b>	260.31
<b>Unsecured</b>		
From Banks	<b>884.43</b>	552.65
From Others	<b>36.03</b>	15.84
	<b>1,774.27</b>	828.80
<b>2.9 TRADE PAYABLES</b>		
Due to Micro and Small Enterprises	<b>1.53</b>	3.45
Others	<b>2,879.53</b>	2,628.55
	<b>2,881.06</b>	2,632.00
There is no principal amount and interest overdue to the Micro and Small Enterprises. During the year no interest has been paid to such parties. This information has been determined to the extent such parties have been identified on the basis of information available with the Company and the same has been relied upon by the auditors.		
<b>2.10 OTHER CURRENT LIABILITIES</b>		
Current maturities of long-term debts	<b>1,134.09</b>	484.45
Interest accrued but not due on borrowings	<b>98.78</b>	80.30
Unpaid Dividends (Amount transferable to Investor Education and Protection Fund, when due)	<b>14.00</b>	12.48
Security and Other Deposits (Trade Deposits)	<b>490.28</b>	453.18
Advances from Customers	<b>178.11</b>	206.93
Liability for Capital Goods	<b>396.12</b>	75.02
Other Payables (including Statutory Dues)	<b>920.94</b>	757.34
	<b>3,232.32</b>	2,069.70
<b>2.11 SHORT-TERM PROVISIONS</b>		
For Employee Benefits	<b>36.47</b>	32.60
For Proposed Dividend	<b>206.52</b>	206.36
For Corporate Dividend Tax	<b>51.75</b>	47.59
For Taxation (Net of Advance Tax)	<b>668.57</b>	342.00
For Asset Retirement Obligation {Note 2.11.1(a)}	<b>2.64</b>	3.50
For Assets Transfer Cost	<b>172.54</b>	172.54
Other Provisions	<b>1.45</b>	1.38
	<b>1,139.94</b>	805.97
<b>2.11.1</b> Movement of provisions during the period as required by Accounting Standard-29 "Provisions, Contingent Liabilities and Contingent Assets" notified under the Companies (Accounting Standard) Rules, 2006 (as amended):		
(a) <b>Provision for Asset Retirement Obligation</b>		
Opening Balance	<b>12.38</b>	12.07
Add: Provision made during the year	<b>5.14</b>	2.49
Less: Utilised during the year	<b>3.15</b>	2.18
Closing Balance	<b>14.37</b>	12.38
Amount considered as Long-Term	<b>11.73</b>	8.88
Amount considered as Short-Term	<b>2.64</b>	3.50
	<b>14.37</b>	12.38
(b) <b>Provision for Cost of Transfer of Assets</b>		
Opening Balance	<b>172.54</b>	194.37
Less: Utilised during the period	-	21.83
Closing Balance	<b>172.54</b>	172.54

## 2.12 FIXED ASSETS

## Current Year

[illegible]

NOTES FORMING PART OF THE  
CONSOLIDATED FINANCIAL STATEMENTS

Grasim Industries Limited - Annual Report 2012-2013

Previous Year	₹ in Crore						
	Gross Block			Depreciation/Amortisation		Net Block	
	Opening	Additions Deductions/ Adjustments	Translation Difference Add/(Less)	Opening	For the Year Adjustments	Translation Difference Add/(Less)	Closing
TANGIBLE ASSETS							
Freehold Land	983.29	265.69	-	4.54	1,253.52	-	1,253.52
Leasehold Land	182.29	12.85	0.01	1.61	196.74	0.14	164.14
Buildings	1,673.15	188.75	7.70	15.22	1,869.42	4.20	1,382.02
Plant and Equipment							
Own	18,966.90	1,027.55	63.98	190.14	20,120.61	39.05	11,809.70
Given on Lease	55.43	-	-	-	55.43	-	14.03
Furniture and Fixtures	150.20	23.35	2.67	5.62	176.50	3.18	57.59
Vehicles	104.90	19.78	9.37	0.99	116.30	0.64	50.72
Office Equipment	253.32	29.89	13.44	0.14	269.91	0.13	73.99
Plantations	36.47	11.59	-	6.74	54.80	-	54.80
Railway Sidings	298.00	16.83	-	-	314.83	-	148.29
Total Tangible Assets	22,703.95	1,596.28	97.17	225.00	24,428.06	47.34	15,008.80
INTANGIBLE ASSETS							
Computer Software	64.26	13.27	0.09	2.15	79.59	1.66	16.94
Trademark	0.01	-	-	-	0.01	-	0.01
Mining Rights	38.33	0.04	-	-	38.37	-	26.95
Total Intangible Assets	102.60	13.31	0.09	2.15	117.97	1.66	43.90
	22,806.55	1,609.59	97.26	227.15	24,546.03	49.00	15,052.70
						Capital Work-in-Progress (including Pre-operative Expenses)	2,460.47
						Intangible Assets under Development	0.64
						Total Fixed Assets	17,513.81

2.12.1 Additional Acquired includes,

- a) Assets acquired on acquisition of Gotan Limestone Khanij Udyog Pvt. Ltd. (GKU).  
b) Assets as on 1st October, 2012, considered for the purpose of Consolidating Aditya Group AB as Joint Venture from the said date, earlier the same was being consolidated as an Associate. (Note 4.2.4).  
c) Impact of transition to IFRS in the opening block of Fixed Assets related to A.V. Cell Inc. and A.V. Nackawic. (Note 4.2.5).

	Current Year	Previous Year
2.12.2 Depreciation and Amortisation for the year	<b>1,249.29</b>	1,142.21
Less: Capitalised as Pre-operative Expenses	<b>8.68</b>	3.68
Add: Obsolescence	<b>11.45</b>	15.88
Depreciation and Amortisation for the year charged to the Statement of Profit and Loss.	<b>1,252.06</b>	1,154.41



	₹ in Crore	
	Current Year	Previous Year
<b>2.13 GOODWILL ON CONSOLIDATION</b>		
<b>In case of Investment in Subsidiaries:</b>		
Carrying Cost of Investment	2,702.85	2,702.90
Less: Grasim's Share in Net Worth on Acquisition	793.57	793.62
	<b>1,909.28</b>	1,909.28
Goodwill arising in Consolidated Financial Statements of Subsidiaries and Joint Ventures	<b>1,055.71</b>	544.37
<b>In case of Investment in Joint Ventures:</b>		
Carrying Cost of Investment	537.89	351.01
Less: Grasim's Share in Net Worth on Acquisition	493.19	308.25
	<b>44.70</b>	42.76
	<b>3,009.69</b>	2,496.41
<b>2.14 NON-CURRENT INVESTMENTS</b>		
(Long-Term, Fully Paid-up, At Cost)		
<b>Trade Investments</b>		
Investment in Equity Instruments		
Investment in Associates (Note 4.2.4)		
Share in Net Assets	7.80	321.81
Goodwill/(Capital Reserve)	-	(39.12)
Equity Investments in Associates - At Cost	7.80	282.69
Share in Profit/Reserves of Associates	0.51	25.45
	<b>8.31</b>	308.14
Investment in Equity of Other Companies	2.26	1.59
	<b>10.57</b>	309.73
Investment in Preference Shares	<b>55.44</b>	56.15
Investment in Partnership Firm	<b>21.98</b>	13.78
<b>Other Investments</b>		
Investment in Equity Instruments		
Investment in Associates		
Share in Net Assets	171.01	171.01
Goodwill/(Capital Reserve)	-	-
Equity Investments in Associates - At Cost	171.01	171.01
Share in Profit/Reserves of Associates	573.23	502.92
	<b>744.24</b>	673.93
Investment in Equity of Other Companies	443.29	460.44
	<b>1,187.53</b>	1,134.37
Investment in Government and Bonds		
Bonds	286.38	236.69
Deposited with Government Departments	0.02	0.02
	<b>286.40</b>	236.71
Investment in Debt Schemes of various Mutual Funds	<b>1,603.00</b>	1,103.00
	<b>3,164.92</b>	2,853.74
<b>2.14.1 Aggregate Book Value of:</b>		
Quoted Investments	<b>1,592.31</b>	1,650.76
Unquoted Investments	<b>1,572.61</b>	1,202.98
	<b>3,164.92</b>	2,853.74

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Grasim Industries Limited - Annual Report 2012-2013

₹ in Crore

	Current Year		Previous Year	
<b>2.15 DEFERRED TAX ASSETS (NET)</b>				
	Current Year	Charge for the Year	Adjustment (Refer Note 2.5.1)	Previous Year
<b>Deferred Tax Assets:</b>				
Provision for Contingencies allowable on payment basis	0.08	-	-	0.08
Unabsorbed Losses	25.48	(4.82)	7.50	22.80
Others	0.97	(0.12)	0.92	0.17
	26.53	(4.94)	8.42	23.05
<b>Deferred Tax Liabilities:</b>				
Accumulated Depreciation	17.18	1.80	-	15.38
Payments Allowed under Tax Not Expensed in Books	-	(6.36)	6.36	-
	17.18	(4.56)	6.36	15.38
<b>Deferred Tax Assets (Net)</b>	9.35	(0.38)	2.06	7.67
<b>2.16 LONG-TERM LOANS AND ADVANCES</b>				
<b>(Unsecured, Considered Good, unless otherwise stated)</b>				
Capital Advances for Purchase of Fixed Assets	1,135.11		1,797.80	
Security Deposits	101.58		86.48	
Loans and Advances to Related Parties	23.73		22.44	
Balances with Government Authorities	170.82		178.04	
MAT Credit Entitlement	63.90		-	
Other Loans and Advances *	96.58		46.80	
	1,591.72		2,131.56	
* Includes Loan Secured against House Property	0.06		0.05	
<b>2.17 CURRENT INVESTMENTS</b>				
<b>(At Cost or Fair Value, whichever is less)</b>				
Investments in Government Securities	-		15.21	
Investments in Debt Schemes of various Mutual Funds	4,832.96		4,984.11	
Certificate of Deposits of Scheduled Banks	-		22.74	
Bonds	12.91		-	
	4,845.87		5,022.06	
<b>2.17.1 Aggregate Book Value of:</b>				
Quoted Investments	809.37		2,185.02	
Unquoted Investments	4,036.50		2,837.04	
	4,845.87		5,022.06	
<b>2.17.2 Current Investments includes current portion, of</b>				
Long-Term Investments as per the definition provided in Accounting Standard (AS) 13: Accounting for Investments	2,061.07		4,343.96	
<b>2.18 INVENTORIES</b>				
<b>(Valued at lower of cost or net realisable value, unless otherwise stated)</b>				
Raw Materials {includes in transit ₹ 185.15 Crore (Previous Year ₹ 227.23 Crore)}	916.38		753.86	
Work-in-Progress	497.37		440.15	
Finished Goods (including Trading Goods) {includes in transit ₹ 46.29 Crore (Previous Year ₹ 34.57 Crore)}	722.37		519.01	
Stores and Spare Parts {includes in transit ₹ 5.98 Crore (Previous Year ₹ 4.64 Crore)}	977.34		814.21	
Fuel {includes in transit ₹ 39.90 Crore (Previous Year ₹ 75.06 Crore)}	564.34		494.84	
By-Products	1.19		0.50	
Waste/Scrap (valued at net realisable value)	12.07		9.53	
Others (includes Packing Materials)	49.70		39.01	
	3,740.76		3,071.11	

		₹ in Crore
	Current Year	Previous Year
<b>2.19 TRADE RECEIVABLES</b>		
<b>(Considered Good, except otherwise stated)</b>		
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Exceeding Six Months		
Secured, Considered Good	23.45	8.56
Unsecured, Considered Good *	38.00	58.91
Doubtful	2.61	2.40
	64.06	69.87
Less: Provision for Doubtful Debts	2.61	2.40
	61.45	67.47
Others		
Secured, Considered Good	412.67	319.55
Unsecured, Considered Good *	1,712.17	1,341.73
	2,186.29	1,728.75
* Includes amount in respect of which the Company holds Deposits and Letters of Credit/Guarantees from Banks	387.40	387.57
<b>2.20 CASH AND BANK BALANCES</b>		
<b>Cash and Cash Equivalents</b>		
Cash on Hand	1.09	1.55
Cheques on Hand	81.01	39.77
Balances with Banks	102.55	248.63
	184.65	289.95
<b>Other Bank Balances</b>		
In EEFC Account	5.61	-
Earmarked Balance with Bank		
In Government Treasury Saving Account	0.01	0.01
Unpaid Dividend Account	13.99	12.47
Bank Deposit*	24.92	24.17
	44.53	36.65
	229.18	326.60
* Includes		
2.20.1 Lodged as security with Government Department	1.18	1.97
2.20.2 Interest Accrued	0.03	0.02
<b>2.21 SHORT-TERM LOANS AND ADVANCES</b>		
<b>Secured</b>		
Other Short-Term Loans and Advances	0.01	0.01
<b>Unsecured (Considered Good, unless otherwise stated)</b>		
Security Deposits	191.65	261.53
Loans and Advances to Related Parties	45.59	39.01
Balances with Government Authorities	530.60	204.49
Deposits with Bodies Corporate	209.94	200.00
MAT Credit Entitlement	0.40	-
Other Short-Term Loans and Advances (includes Advances to Suppliers, Employees, etc.)*	643.19	648.96
Less: Provision for Doubtful Advances	0.26	0.25
	642.93	648.71
	1,621.12	1,353.75
* Includes Considered Doubtful	0.26	0.25

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Grasim Industries Limited - Annual Report 2012-2013

₹ in Crore

	Current Year	Previous Year
<b>2.22 OTHER CURRENT ASSETS</b>		
Assets Held for Disposal	0.05	0.15
Interest Accrued on Investments	5.46	6.16
Others (includes Insurance Claims, Export Incentives Receivables, Hedging Premium, etc.)	33.19	26.78
	<b>38.70</b>	<b>33.09</b>
<b>3.1 SALE OF PRODUCTS AND SERVICES (GROSS) (Note 4.10.1)</b>		
Sale of Products	30,755.98	27,623.17
Services Rendered	61.83	29.19
	<b>30,817.81</b>	<b>27,652.36</b>
<b>3.2 OTHER OPERATING REVENUES</b>		
Export Incentives	41.05	43.47
Insurance Claims	15.43	2.34
Sundry Balances Written Back (Net)	10.47	12.55
Rent Received	3.06	2.95
Scrap Sales (Net)	82.86	79.40
Others	111.73	120.60
	<b>264.60</b>	<b>261.31</b>
<b>3.3 OTHER INCOME</b>		
<b>Interest Income on:</b>		
Government and Other Securities	24.39	17.60
Bank and Other Accounts	66.93	70.71
<b>Dividend Income from:</b>		
Long-Term Investments - Trade	4.55	7.64
Long-Term Investments - Others	27.56	27.82
Current Investments - Mutual Funds	80.98	111.20
<b>Profit on Sale of:</b>		
Long-Term Investments (Net)	137.55	155.44
Current Investments (Net)	260.10	253.42
Fixed Assets (Net)	1.74	1.52
Exchange Rate Difference (Net)	5.04	9.61
Others	10.69	86.58
	<b>619.53</b>	<b>741.54</b>
<b>3.4 COST OF MATERIALS CONSUMED</b>		
Opening Stock	753.86	617.63
Add: Purchases and Incidental Expenses	6,300.25	5,496.40
Add: Adjustment on account of treating an Associate as a Joint Venture (Note 4.2.4)	6.63	-
	<b>7,060.74</b>	<b>6,114.03</b>
Less: Sales	1.21	0.50
Less: Closing Stock	916.38	753.86
	<b>917.59</b>	<b>754.36</b>
	<b>6,143.15</b>	<b>5,359.67</b>

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	₹ in Crore	
	Current Year	Previous Year
<b>3.5 PURCHASES OF STOCK-IN-TRADE</b>		
Chemicals	4.87	15.70
Grey Cement	103.11	73.87
Finished Fabrics	75.76	68.39
Others	155.91	103.60
	<u>339.65</u>	<u>261.56</u>
<b>3.6 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
<b>Opening Stock</b>		
Finished Goods	514.93	375.29
By-Products	0.50	3.28
Process Stock	440.15	460.03
Waste/Scrap	3.10	3.10
	<u>958.68</u>	<u>841.70</u>
<b>Less : Closing Stock</b>		
Finished Goods	718.24	514.93
By-Products	1.19	0.50
Process Stock	497.37	440.15
Waste/Scrap	4.61	3.10
	<u>1,221.41</u>	<u>958.68</u>
<b>Decrease/(Increase) in Stocks</b>	<b>(262.73)</b>	<b>(116.98)</b>
Less : (Increase)/Decrease in Excise Duty on Stocks	(21.72)	(22.42)
Less : Adjustment on account of treating an Associate as Joint Venture (Note 4.2.4)	(37.47)	-
Less : Stock Transferred from Pre-operative Expenses	(3.25)	-
Less : Exchange Translation Difference	(4.04)	(8.74)
	<u>(196.25)</u>	<u>(85.82)</u>
<b>3.7 EMPLOYEE BENEFITS EXPENSES</b>		
Salaries and Wages	1,426.12	1,190.07
Contribution to Provident and Other Funds	124.30	94.63
Staff Welfare Expenses	118.85	90.30
Expenses on Employee Stock Option Scheme	1.36	2.79
	<u>1,670.63</u>	<u>1,377.79</u>
<b>3.8 FREIGHT AND FORWARDING EXPENSES</b>		
On Finished Products	4,032.89	3,482.94
On Clinker Transfer	436.58	407.94
	<u>4,469.47</u>	<u>3,890.88</u>

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Grasim Industries Limited - Annual Report 2012-2013

₹ in Crore

	Current Year	Previous Year
<b>3.9 OTHER EXPENSES</b>		
<b>3.9.1 Manufacturing Expenses</b>		
Consumption of Stores, Spare Parts and Components, and Incidental Expenses	815.07	714.18
Consumption of Packing Materials	674.89	604.57
Processing Charges	76.26	41.24
Repairs to Buildings	61.04	56.44
Repairs to Machinery	329.54	274.81
<b>3.9.2 Administration, Selling and Distribution Expenses</b>		
Advertisement	159.57	148.26
Discounts, Sales Promotion and Other Selling Expenses	848.95	730.46
Insurance	53.69	39.21
Rent (Including Lease Rent) (Note 4.14)	106.13	90.23
Rates and Taxes	135.08	117.05
Research Contribution and Expenses	20.22	12.23
Donations	20.54	15.61
Directors' Fees	0.24	0.27
Directors' Commission	41.00	36.00
Miscellaneous Expenses	722.92	598.26
	<b>4,065.14</b>	<b>3,478.82</b>
<b>3.10 FINANCE COSTS</b>		
Interest Expense on Borrowings *	458.37	353.82
Interest and Other Borrowing Costs	18.83	19.06
Exchange (Gain)/Loss on Foreign Currency Borrowings	4.42	0.35
	<b>481.62</b>	<b>373.23</b>
Less: Capitalised	157.48	59.24
	<b>324.14</b>	<b>313.99</b>
<i>* Net of Interest subsidy from Government</i>	82.26	83.95
<b>3.11</b> Exceptional Item represents profit on sale of Long-Term Investments, viz., Alexandria Carbon Black Co., S.A.E., and Thai Carbon Black Public Company Limited, Thailand	204.43	-
<b>3.12 EARNINGS PER SHARE</b>		
<b>Net Profit for the year attributable to Equity Shareholders (₹ in Crore)</b>	<b>2,704.39</b>	2,647.46
<b>Basic EPS:</b>		
Weighted-average-number of Equity Shares Outstanding (Nos.)	91,751,717	91,719,718
<b>Basic EPS (₹)</b>	<b>294.75</b>	288.65
<b>Diluted EPS:</b>		
Weighted-average-number of Equity Shares Outstanding (Nos.)	91,751,717	91,719,718
<b>Add:</b> Weighted-average-number of Potential Equity Shares on exercise of options (Nos.)	<b>74,892</b>	78,809
Weighted-average-number of Equity Shares Outstanding for calculation of Diluted EPS (Nos.)	<b>91,826,609</b>	91,798,527
<b>Diluted EPS (₹)</b>	<b>294.51</b>	288.40



#### 4.1 PRINCIPLES OF CONSOLIDATION

The Consolidated Financial Statements (CFS) are prepared in accordance with the Accounting Standard on "Consolidated Financial Statements" (AS-21), "Financial Reporting of Interests in Joint Ventures" (AS-27) and "Accounting for Investments in Associates in Consolidated Financial Statements" (AS-23) issued by the Institute of Chartered Accountants of India.

As far as possible, the CFS are prepared using uniform significant accounting policies for like transactions and other events in similar circumstances.

The CFS includes 7 Joint Ventures (JVs), 14 Subsidiaries incorporated outside India, whose Financial Statements have been restated in Indian Rupees considering them as non-integral part of the Group's operations. In translating the Financial Statements of such Companies for incorporation in the Financial Statements, the assets and liabilities, both monetary and non-monetary, are translated at closing exchange rate, all Income and Expenses are translated at yearly average exchange rate and resulting exchange differences are accumulated in Foreign Currency Translation Reserve.

The effect of intra-group transactions between Grasim, Subsidiaries and JVs are eliminated in consolidation.

#### 4.2 The CFS comprises the Audited Financial Statements (except as mentioned otherwise) of the Company, its Subsidiaries and its interest in JVs and Associates for the year ended 31st March, 2013, which are as under:

Name of the Company	Note	Abbreviation	Country of Incorporation	Grasim's Ownership Interest %		% Shareholding and Voting Power along with Subsidiaries	
				31.3.2013	31.3.2012	31.3.2013	31.3.2012
<b>Subsidiaries:</b>							
Sun God Trading And Investments Limited		SGTIL	India	100.00	100.00	100.00	100.00
Samruddhi Swastik Trading And Investments Limited		SSTIL	India	100.00	100.00	100.00	100.00
Grasim Bhiwani Textiles Limited		GBTL	India	100.00	100.00	100.00	100.00
Aditya Birla Power Ventures Limited		ABPVL	India	100.00	100.00	100.00	100.00
UltraTech Cement Limited		UltraTech	India	60.30	60.33	60.30	60.33
Dakshin Cements Limited	*	DCL	India	60.30	60.33	100.00	100.00
UltraTech Cement Lanka Private Limited	*	UTCLPL	Sri Lanka	48.24	48.26	80.00	80.00
Harish Cement Limited	*	HCL	India	60.30	60.33	100.00	100.00
UltraTech Cement Middle East Investment Limited	*	UCMEIL	UAE	60.30	60.33	100.00	100.00
PT UltraTech Mining Indonesia	*	PUMI	Indonesia	60.30	60.33	100.00	100.00
UltraTech Cement SA (PTY)	*^	UCSA	South Africa	60.30	60.33	100.00	100.00
PT UltraTech Investments Indonesia	*^	PTUCIA	Indonesia	60.30	60.33	100.00	100.00
Star Cement Co LLC, UAE	#	SCCLD	UAE	48.24	48.26	80.00	80.00
Star Cement Co LLC, Ras-Al-Khaimah	#	SCCLRAK	UAE	48.24	48.26	80.00	80.00
Al Nakhla Crusher, LLC, Fujairah	#	ANCL	UAE	48.24	48.26	80.00	80.00
Arabian Cement Industry LLC, Abu Dhabi	#	ACIL	UAE	48.24	48.26	80.00	80.00
Arabian Gulf Cement Co WLL	#	AGCCW	Bahrain	48.24	48.26	80.00	80.00
Emirates Power Company Ltd.	#	EPCL	Bangladesh	48.24	48.26	80.00	80.00
Emirates Cement Bangladesh Ltd.	#	ECBL	Bangladesh	48.24	48.26	80.00	80.00
UltraTech Cement Mozambique Limitada	#@^	UTCMEIL	Mozambique	60.30	60.33	100.00	100.00
Gotan Limestone Khanij Udyog Private Ltd. (w.e.f. 23rd July, 2012)	*	GKU	India	60.30	NA	100.00	NA
PT UltraTech Cement Indonesia (w.e.f. 16th July, 2012)	!^	PTUCI	Indonesia	59.70	NA	99.00	NA

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Grasim Industries Limited - Annual Report 2012-2013

Name of the Company	Note	Abbreviation	Country of Incorporation	Grasim's Ownership Interest %		% Shareholding and Voting Power along with Subsidiaries	
				31.3.2013	31.3.2012	31.3.2013	31.3.2012
<b>Joint Venture Companies (JV):</b>							
A.V. Cell Inc.	^	AVC	Canada	45.00	45.00	45.00	45.00
A.V. Nackawic Inc.	^	AVN	Canada	45.00	45.00	45.00	45.00
Birla Jingwei Fibres Co. Limited	^	BJFC	China	31.00	31.00	31.00	31.00
Birla Lao Pulp & Plantations Company Limited	^	BLPP	Laos	40.00	40.00	40.00	40.00
Bhubaneswari Coal Mining Limited		BCML	India	26.00	26.00	26.00	26.00
Aditya Birla Elyaf Sanayi Ve Ticaret Anonim Sirketi	^	ABEST	Turkey	33.33	33.33	33.33	33.33
Bhaskarpara Coal Company Limited	*	BCCL	India	28.58	28.58	47.37	47.37
Madanpur (North) Coal Company Private Limited	*	MCCPL	India	6.74	6.74	11.17	11.17
Aditya Group AB (w.e.f. 1st October, 2012)	&	AGAB	Sweden	33.33	NA	33.33	NA
A.V. Terrace Bay (w.e.f. 12th July, 2012)	^	AVTB	Canada	40.00	NA	40.00	NA
<b>Associates:</b>							
Aditya Birla Science & Technology Co. Ltd.		ABSTCL	India	39.00	39.00	39.00	39.00
Idea Cellular Ltd.		Idea	India	5.18	5.18	5.18	5.18
Aditya Group AB (upto 30th September, 2012)	&	AGAB	Sweden	33.33	33.33	33.33	33.33

Reference to the Notes marked above

Symbol	Note
*	Subsidiaries/Joint Ventures of UltraTech
#	Subsidiaries of UCMEIL
@	90% Shareholding of UCMEIL
!	Subsidiary of PT UltraTech Investments, Indonesia
&	Refer Note 4.2.4
^	Unaudited Accounts Considered

- 4.2.1** The Financial Statements of the Company, its Subsidiaries, JVs and Associates used in Consolidation are drawn upto the same reporting date as followed by the Company, i.e., 31st March, 2013 (Previous Year 31st March, 2012).
- 4.2.2** Figures pertaining to the Subsidiary Companies and Joint Ventures have been reclassified, wherever necessary, to bring them in line with the Company's Financial Statements.
- 4.2.3** In Consolidated Financial Statements (CFS), of the Company, the Financial Statements of two Joint Venture Companies (JV), namely, Aditya Group AB (Consolidated), Sweden, and A.V. Terrace Bay, Canada, prepared in accordance with the International Financial Reporting Standards (IFRS), have been considered with adjustments for material items to consolidate the same in the CFS in accordance with the Group Accounting Policies, which are as per Indian Generally Accepted Accounting Practices (GAAP).
- 4.2.4** During the year, the Company has Consolidated Financial Statements of Aditya Group AB (AGAB) as per proportionate consolidation method of accounting in accordance with the Accounting Standard on Financial Reporting of Interests in Joint Ventures (AS-27) w.e.f. 1st October, 2012. The Financial results of AGAB have been consolidated as an Associate as per equity method of accounting in accordance with the Accounting Standard on Accounting for Investment in Associates in CFS till 30th September, 2012. This does not have any impact on consolidated net profit of the Company.
- 4.2.5** For the purpose of preparing CFS of the Company for the year ended 31st March, 2012, the management certified Financial Statements of A.V. Cell Inc., Canada, and A.V. Nackawic Inc., Canada (Company's JVs), prepared as per local GAAP materially matching with Indian GAAP were considered, as audited Financial Statements of these JVs were not then available. While preparing audited accounts for the year ended 31st March, 2012, these JV companies have migrated from local GAAP to IFRS, and the first audited Financial Statements as per IFRS have been prepared with transitional adjustments whereby ₹ 1.08 Crore net have been adjusted from Net Block of Fixed Assets, Deferred Tax Liability of ₹ 33.43 Crore created, other adjustment of ₹ 6.39 Crore. Net impact of ₹ 28.12 Crore has been adjusted from General Reserve.

For the purpose of Consolidated Financial Statements for the year ended 31st March, 2013, the management certified Financial Statements of these JV's prepared in accordance with IFRS have been considered, as it is not practicable to make adjustments in accordance with Indian GAAP.

**4.2.6** Disclosure in respect of the Foreign JVs are given to the extent of available information.

**4.3** During the current year, the Company has:

- (a) acquired through A.V. Terrace Bay Inc., Canada (AVTB), a 40:60 Joint Venture (JV) with Thai Rayon Public Co. Ltd., Thailand, the assets of Terrace Bay Pulp Inc., a paper-grade pulp mill in Canada. The operations at the mill have been restarted in October 2012. The JV has a plan to convert the mill to produce Rayon Grade Pulp, a basic raw material for production of VSF. The Company acquired 18,000,000 shares of AVTB at cost of ₹ 98.83 Crore.
- (b) acquired additional shares of Birla Jingwei Fibres Co. Limited at a cost of ₹ 51.35 Crore. There has been no change in the Ownership Percentage on account of this additional Investment.
- (c) acquired 2,700 additional shares of Birla Lao Pulp and Plantation Company Limited at a cost of ₹ 14.87 Crore. There has been no change in the Ownership Percentage on account of this additional Investment.
- (d) acquired 21,840,000 shares of BCML at a cost of ₹ 21.84 Crore. There has been no change in the Ownership Percentage on account of this additional Investment.
- (e) through its Subsidiary, UltraTech has entered into a Share Purchase Agreement with the shareholders of Gotan Limestone Khanij Udyog Pvt. Ltd. (GKU) and has acquired GKU's entire equity stake. Consequently, GKU has become a wholly owned subsidiary of UltraTech w.e.f. 23rd July, 2012.

#### 4.4 OTHER NOTES

**4.4.1** Other Operating revenue/Other income of UltraTech includes VAT refund/subsidy under State Investment Promotion Scheme, of ₹ 37.71 Crore (Previous Year ₹ 110.64 Crore).

Interest and Wage Expenses of UltraTech are net of subsidy received, under State Investment Promotion Scheme, of ₹ 66.59 Crore (Previous Year ₹ 64.60 Crore) and of ₹ 4.97 Crore (Previous Year ₹ 4.25 Crore), respectively.

**4.4.2** During the year, the Ministry of Coal, Government of India, issued an order for de-allocation of the coal block allocated to a Joint Venture of UltraTech and Electrotherm (India) Limited in Bhaskarpara, Chattisgarh. On a writ petition filed by UltraTech for quashing the order, stay has been granted by the Hon'ble High Court of Chattisgarh.

**4.4.3** Assets Taken on Operating Lease:

		Current Year	Previous Year
1	Operating Lease payments recognised in the Statement of Profit and Loss	106.13	90.23
2	The total of future minimum lease payments under non-cancellable operating leases are as follows :		
	For a period not later than one year	2.35	2.35
	For a period later than one year and not later than five years	1.17	3.52
	For a period later than five years	-	-
3	General Description of Leasing Agreements:		
	(i) Lease Assets: Godowns, Offices, Flats and Others		
	(ii) Future Lease Rentals are determined on the basis of agreed terms		
	(iii) At the expiry of lease terms, the Company has an option to return the assets or extend the term by giving notice in writing		

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Grasim Industries Limited - Annual Report 2012-2013

- 4.5 The Company's proportionate share in Assets, Liabilities, Income and Expenses of its Joint Venture Companies included in these Consolidated Financial Statements are given below:

### 4.5.1 BALANCE SHEET

₹ in Crore

	Current Year	Previous Year
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' Funds</b>		
Share Capital	643.07	432.53
Share Capital (Other than Equity)	58.87	57.42
Reserves and Surplus	408.04	120.90
	1,109.98	610.85
<b>Share Application Money Pending Allotment</b>	0.41	0.66
<b>Non-Current Liabilities</b>		
Long-Term Borrowings	481.30	282.74
Deferred Tax Liabilities (Net)	46.76	0.41
Other Long-Term Liabilities	-	16.62
Long-Term Provisions	7.99	4.38
	536.05	304.15
<b>Current Liabilities</b>		
Short-Term Borrowings	345.16	57.95
Trade Payables	151.16	82.81
Other Current Liabilities	125.14	86.94
Short-Term Provisions	2.73	7.30
	624.19	235.00
<b>TOTAL</b>	<b>2,270.63</b>	<b>1,150.66</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Fixed Assets		
Tangible Assets	1,080.67	652.87
Intangible Assets	3.83	2.02
Goodwill on Consolidation	322.05	-
Capital Work-in-Progress	61.28	42.60
	1,467.83	697.49
Non-Current Investments	22.57	13.78
Deferred Tax Assets (Net)	0.97	0.17
Long-Term Loans and Advances	119.32	20.51
<b>Current Assets</b>		
Current Investments	-	0.34
Inventories	339.60	194.28
Trade Receivables	245.34	87.24
Cash and Bank Balances	28.50	102.10
Short-Term Loans and Advances	41.99	34.75
Other Current Assets	4.51	-
	659.94	418.71
<b>TOTAL</b>	<b>2,270.63</b>	<b>1,150.66</b>
<b>Contingent Liabilities</b>	<b>0.29</b>	<b>0.16</b>
<b>Capital Commitments (Net of Advances)</b>	<b>19.79</b>	<b>69.74</b>

## 4.5.2 STATEMENT OF PROFIT AND LOSS

₹ in Crore

	Current Year	Previous Year
<b>REVENUE</b>		
Sale of Products (includes Services Revenue)	1,241.77	895.08
Other Operating Revenues	18.09	0.74
<b>Revenue from Operations</b>	1,259.86	895.82
Other Income	11.90	9.18
<b>Total Revenue</b>	1,271.76	905.00
<b>EXPENSES</b>		
Cost of Materials Consumed	565.53	365.07
Purchase of Stock-in-Trade	18.09	0.18
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	(38.39)	11.91
Employee Benefits Expenses	208.30	113.58
Power and Fuel	211.08	114.31
Freight and Handling Expenses	137.04	76.34
Other Expenses	207.04	127.11
<b>Total Expenses</b>	1,308.69	808.50
<b>Profit Before Interest, Depreciation/Amortisation and Tax</b>	(36.93)	96.50
Finance Costs	29.05	18.16
Depreciation and Amortisation Expense	60.29	38.68
<b>Profit Before Tax</b>	(126.27)	39.66
Provision for Current Tax	3.17	0.11
Provision for Deferred Tax	(26.05)	0.26
<b>Profit for the Year</b>	(103.39)	39.29

- 4.6 The Ministry of Textiles, vide its orders dated 30th June, 1997, and 1st July, 1999, has deleted the Cement from the list of commodities to be packed in Jute bags under the Jute Packaging (Compulsory Use in Packing Commodities) Act, 1987.

In view of this, the Company does not expect any liability for non-dispatch of Cement in Jute bags in respect of earlier years.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Grasim Industries Limited - Annual Report 2012-2013

₹ in Crore

	Current Year	Previous Year
<b>4.7 Contingent Liabilities not provided in respect of</b>		
<b>4.7.1</b> Claims/Disputed Liabilities not acknowledged as Debt		
Custom Duty	<b>4.14</b>	6.52
Sales Tax/Purchase Tax/VAT	<b>141.02</b>	133.03
Excise Duty/Cenvat Credit/Service Tax	<b>378.32</b>	302.66
Water Cess	<b>23.96</b>	24.17
Various claims in respect of Disputed Liabilities of discontinued business in earlier year	<b>70.00</b>	70.00
Royalty on Limestone	<b>219.30</b>	200.42
Others	<b>350.05</b>	226.30
Cash outflows for the above are determinable only on receipt of judgements pending at various forums/authorities.		
<b>4.7.2</b> Custom Duty which may arise if obligation for exports is not fulfilled against import of raw materials and machinery	<b>45.84</b>	8.06
<b>4.7.3</b> Letters of Undertaking-cum-Indemnity, Corporate Guarantees given to Banks/Financial Institutions/Government Authorities for finance provided to Joint Ventures	<b>7.65</b>	135.26
- Amount Outstanding against above	-	21.27
<b>4.7.4</b> No provision has been made in the accounts for any liability that may arise from the order of the Competition Commission of India dated 20th June, 2012, imposing a penalty of ₹ 1,175.49 Crore on UltraTech Cement Limited (UltraTech) along with certain other cement manufacturing companies for alleged cartelisation, based on legal opinion that UltraTech has a good case in the matter and for which an appeal is pending before the Competition Appellate Tribunal (COMPAT). The COMPAT has directed that no coercive action be taken in the matter against UltraTech.		
<b>4.8</b> Deferred Preference Share Dividend	<b>1.86</b>	1.79
<b>4.9 CAPITAL AND OTHER COMMITMENTS</b>		
<b>4.9.1</b> Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advance Paid)	<b>2,250.38</b>	4,493.55
<b>4.9.2</b> The Company's Subsidiary, UltraTech Cement Middle East Investments Limited ("UCMEIL") and ETA Cement Trading LLC ("ETA Cement") had entered into a Shareholder's Agreement ("the Agreement") on September 30, 2010. In terms of the Agreement:		
(a) ETA Cement has a put option to require UCMEIL to purchase from it, all shares held in the Group Companies as defined in the Agreement.		
(b) UCMEIL has a call option to purchase from ETA Cement all of its shares in the Group Companies during the period as provided in the Agreement.		
(c) The consideration for exercising the put and call options will be in accordance with the provisions of the Agreement.		



**4.10 SEGMENT REPORTING****4.10.1 Primary Segment Reporting (by Business Segment)**

Primary Segment have been identified based on the nature of products and services, the different risks and returns, and the Internal reporting structure. The Company considers Business Segment as the Primary Segment for disclosure. Details of products included in each of the segments are as under:-

- Fibre and Pulp - Viscose Staple Fibre and Wood Pulp
- Chemicals - Caustic Soda and Allied Chemicals
- Cement - Grey Cement, White Cement and Allied Products
- Others - Mainly Textiles and Investment Subsidiaries

Inter-segment transfers of independent marketable products are at market rates.

Unallocated items include general corporate income, expenses, assets and liabilities which are not allocated to any business segment.

**Information about Business Segments (Current Year):**

₹ in Crore

	Fibre & Pulp	Chemicals	Cement	Others	Eliminations	Total
<b>REVENUE</b>						
Gross Sales (External)	5,699.18	776.20	23,810.10	532.33	-	30,817.81
Gross Sales (Inter-Segment)	53.50	264.41	42.04	0.90	(360.85)	-
<b>Total Gross Sales (Note 3.1)</b>	<b>5,752.68</b>	<b>1,040.61</b>	<b>23,852.14</b>	<b>533.23</b>	<b>(360.85)</b>	<b>30,817.81</b>
Other Income (including other Operating Revenues)	116.84	20.07	194.73	17.54	(9.95)	339.23
Unallocated Corporate Other Income						544.90
<b>Total Other Income</b>	<b>116.84</b>	<b>20.07</b>	<b>194.73</b>	<b>17.54</b>	<b>(9.95)</b>	<b>884.13</b>
<b>Total Revenue</b>	<b>5,869.52</b>	<b>1,060.68</b>	<b>24,046.87</b>	<b>550.77</b>	<b>(370.80)</b>	<b>31,701.94</b>
<b>RESULTS</b>						
<b>Segment Result (PBIT)</b>	<b>724.68</b>	<b>210.72</b>	<b>3,848.30</b>	<b>30.99</b>	<b>1.34</b>	<b>4,816.03</b>
Unallocated Corporate Income						475.03
Finance Costs						(324.14)
<b>Profit before Exceptional Item and Tax</b>						<b>4,966.92</b>
Exceptional Item						204.43
<b>Profit Before Tax</b>						<b>5,171.35</b>
Provision for Current Tax						(1,287.27)
MAT Credit						64.30
Provision for Tax of Earlier Years Written Back						7.02
Deferred Tax						(251.26)
<b>Profit After Tax</b>						<b>3,704.14</b>
Add: Share in Profit of Associates						73.65
Less: Minority Interest						(1,073.40)
<b>Net Profit</b>						<b>2,704.39</b>
<b>OTHER INFORMATION</b>						
<b>Segment Assets</b>	<b>6,877.62</b>	<b>1,622.42</b>	<b>26,763.60</b>	<b>388.89</b>	<b>(9.07)</b>	<b>35,643.46</b>
Unallocated Corporate Assets						8,430.14
<b>Total Assets</b>						<b>44,073.60</b>
<b>Segment Liabilities</b>	<b>758.77</b>	<b>154.00</b>	<b>4,238.13</b>	<b>116.18</b>	<b>(5.61)</b>	<b>5,261.47</b>
Unallocated Corporate Liabilities						12,934.61
Minority Interest						6,220.98
<b>Total Liabilities</b>						<b>24,417.06</b>
<b>Capital Expenditure</b>	<b>1,834.80</b>	<b>805.79</b>	<b>3,686.59</b>	<b>19.96</b>	<b>-</b>	<b>6,347.14</b>
Unallocated Corporate Capital Expenditure						20.24
						<b>6,367.38</b>
<b>Depreciation and Amortisation</b>	<b>176.42</b>	<b>33.95</b>	<b>1,023.37</b>	<b>15.29</b>	<b>-</b>	<b>1,249.03</b>
Unallocated Corporate Depreciation and Amortisation						3.03
<b>Total Depreciation and Amortisation</b>						<b>1,252.06</b>
<b>Significant Non-Cash Expenses other than Depreciation</b>						<b>1.36</b>

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Grasim Industries Limited - Annual Report 2012-2013

## Information about Business Segments (Previous Year):

₹ in Crore

	Fibre & Pulp	Chemicals	Cement	Others	Eliminations	Total
<b>REVENUE</b>						
Gross Sales (External)	5,191.99	649.40	21,340.12	470.85	-	27,652.36
Gross Sales (Inter-Segment)	52.92	193.83	18.26	0.98	(265.99)	-
<b>Total Gross Sales (Note 3.1)</b>	<b>5,244.91</b>	<b>843.23</b>	<b>21,358.38</b>	<b>471.83</b>	<b>(265.99)</b>	<b>27,652.36</b>
Other Income	125.51	17.32	240.70	18.14	(14.58)	387.09
Unallocated Corporate Other Income						615.76
<b>Total Other Income</b>	<b>125.51</b>	<b>17.32</b>	<b>240.70</b>	<b>18.14</b>	<b>(14.58)</b>	<b>1,002.85</b>
<b>Total Revenue</b>	<b>5,370.42</b>	<b>860.55</b>	<b>21,599.08</b>	<b>489.97</b>	<b>(280.57)</b>	<b>28,655.21</b>
<b>RESULTS</b>						
<b>Segment Result (PBIT)</b>	<b>1,131.46</b>	<b>125.70</b>	<b>3,320.52</b>	<b>28.07</b>	<b>0.10</b>	<b>4,605.85</b>
Unallocated Corporate Income						560.34
Finance Costs						(313.99)
<b>Profit Before Tax from Ordinary Activities</b>						<b>4,852.20</b>
Provision for Current Tax						(1,314.44)
Deferred Tax						(17.56)
Provision for Tax of Earlier Years Written Back						11.23
<b>Profit After Tax</b>						<b>3,531.43</b>
Add: Share in Profit of Associates						63.16
Less: Minority Interest						(947.13)
<b>Net Profit</b>						<b>2,647.46</b>
<b>OTHER INFORMATION</b>						
<b>Segment Assets</b>	<b>4,081.66</b>	<b>760.23</b>	<b>23,155.40</b>	<b>364.84</b>	<b>(25.88)</b>	<b>28,336.25</b>
Unallocated Corporate Assets						8,202.30
<b>Total Assets</b>						<b>36,538.55</b>
<b>Segment Liabilities</b>	<b>465.48</b>	<b>94.65</b>	<b>3,836.83</b>	<b>135.39</b>	<b>(20.46)</b>	<b>4,511.89</b>
Unallocated Corporate Liabilities						9,724.63
Minority Interest						5,233.38
<b>Total Liabilities</b>						<b>19,469.90</b>
<b>Capital Expenditure</b>	<b>825.08</b>	<b>266.20</b>	<b>3,352.54</b>	<b>50.05</b>	<b>-</b>	<b>4,493.87</b>
Unallocated Corporate Capital Expenditure						16.79
						<b>4,510.66</b>
<b>Depreciation and Amortisation</b>	<b>142.08</b>	<b>35.07</b>	<b>962.91</b>	<b>11.15</b>	<b>-</b>	<b>1,151.21</b>
Unallocated Corporate Depreciation and Amortisation						3.20
<b>Total Depreciation and Amortisation</b>						<b>1,154.41</b>
<b>Significant Non-Cash Expenses other than Depreciation</b>					<b>2.79</b>	

### 4.10.2 Secondary Segment Reporting (by Geographic Segment)

	Current Year	₹ in Crore Previous Year
<b>Segment Revenues (Gross Sales):</b>		
India	<b>27,018.23</b>	24,405.37
Rest of the World	<b>3,799.58</b>	3,246.99
<b>Total</b>	<b>30,817.81</b>	27,652.36
<b>Segment Assets:</b>		
India	<b>31,651.48</b>	25,268.62
Rest of the World	<b>3,991.98</b>	3,067.63
<b>Total</b>	<b>35,643.46</b>	28,336.25
<b>Capital Expenditure:</b>		
India	<b>6,083.48</b>	4,252.70
Rest of the World	<b>263.66</b>	257.96
<b>Total</b>	<b>6,347.14</b>	4,510.66

**4.11 RELATED PARTY TRANSACTIONS****4.11.1 Related Parties with whom transactions have taken place during the year:****Joint Ventures:**

A.V. Cell Inc., Canada  
A.V. Nackawic Inc., Canada,  
Birla Jingwei Fibres Company Limited,  
China  
Birla Lao Pulp & Plantations Company  
Limited, Laos  
Aditya Birla Elyaf Sanayi Ve Ticaret  
Anonim Sirketi, Turkey  
(w.e.f. 30th December, 2011)

Aditya Group AB, Sweden (w.e.f. 1st October, 2012,  
Note 4.2.4)  
A.V. Terrace Bay Inc., Canada (w.e.f. 12th July, 2012)  
Bhubaneswari Coal Mining Limited  
Madanpur (North) Coal Company (Private) Limited  
Bhaskarpara Coal Company Limited

**Associates:**

Aditya Birla Science & Technology  
Company Limited  
Aditya Group AB, Sweden  
(w.e.f. 30th September, 2012,  
considered as Joint Venture, Note 4.2.4)

Idea Cellular Limited

**Key Management Personnel:**

Shri K.K. Maheshwari, Managing Director  
Shri Adesh Gupta, Whole-time Director  
Shri O.P. Puranmalka, Whole-time Director

**Relatives of Key Management Personnel:**

Relative (Wife) of Shri Adesh Gupta:  
Smt. Usha Gupta  
Relative (Wife) of Shri O.P. Puranmalka:  
Smt. Sita Puranmalka

	₹ in Crore	
	Current Year	Previous Year
<b>4.11.2 Nature of Transactions:</b>		
<b>(a) Sales and Services (Gross)</b>		
Birla Jingwei Fibres Company Limited	3.16	0.08
<b>Total</b>	<b>3.16</b>	<b>0.08</b>
<b>(b) Interest and Other Income</b>		
A.V. Cell, Inc.	2.14	2.07
A.V. Nackawic, Inc.	1.17	1.93
Aditya Birla Science & Technology Company Limited	0.71	0.68
<b>Total</b>	<b>4.02</b>	<b>4.68</b>
<b>(c) Purchase of Goods/Payment of Other Services (Net of Cenvat Credit, if available)</b>		
A.V. Cell, Inc.	309.23	113.51
A.V. Nackawic, Inc.	210.84	291.89
Aditya Group AB	167.18	-
Birla Jingwei Fibres Company Limited	0.21	-
Aditya Birla Science & Technology Company Limited	14.64	7.25
Idea Cellular Limited	0.59	0.47
Key Management Personnel	18.07	14.85
Relatives of Key Management Personnel	0.18	0.08
<b>Total</b>	<b>720.94</b>	<b>428.05</b>
<b>(d) Finance Provided</b>		
Aditya Birla Science & Technology Company Limited	0.01	35.68
<b>Total</b>	<b>0.01</b>	<b>35.68</b>

**NOTES FORMING PART OF THE  
CONSOLIDATED FINANCIAL STATEMENTS**

Grasim Industries Limited - Annual Report 2012-2013

	₹ in Crore	
	<b>Current Year</b>	Previous Year
<b>(e) Investment in Equity Shares/Debentures/Preference Shares</b>		
Birla Lao Pulp & Plantation Company Limited	<b>14.87</b>	9.85
Birla Jingwei Fibres Company Limited	<b>51.35</b>	-
Bhaskarpara Coal Company Limited	-	0.04
Bhubaneswari Coal Mining Limited	<b>21.84</b>	11.60
Madanpur (North) Coal Company (Private) Limited	<b>0.02</b>	0.06
Aditya Birla Elyaf Sanayi Ve Ticaret Anonim Sirketi	-	56.67
Aditya Group AB, Sweden	-	274.89
A.V. Terrace Bay	<b>98.83</b>	-
<b>Total</b>	<b>186.91</b>	353.11
<b>(f) Purchase of Fixed Assets</b>		
Idea Cellular Limited	-	0.03
<b>Total</b>	-	0.03
<b>Outstanding Balances as on the year end</b>		
<b>(g) Trade Payables</b>		
A.V. Cell, Inc.	<b>31.86</b>	27.26
A.V. Nackawic, Inc.	<b>5.12</b>	14.83
Aditya Group AB	<b>16.82</b>	-
Idea Cellular Limited	-	0.01
Aditya Birla Science & Technology Company Limited	<b>0.01</b>	-
<b>Total</b>	<b>53.81</b>	42.10
<b>(h) Trade Receivables</b>		
Birla Jingwei Fibres Company Limited	<b>0.96</b>	-
	<b>0.96</b>	-
<b>(i) Advance Given against Equity</b>		
Bhubaneswari Coal Mining Limited	-	9.40
Madanpur (North) Coal Company (Private) Limited	-	0.02
Bhaskarpara Coal Company Limited	<b>0.08</b>	1.38
	<b>0.08</b>	10.80
<b>(j) Advance Given against Equity - Refund</b>		
Bhaskarpara Coal Company Limited	<b>0.60</b>	-
	<b>0.60</b>	-
<b>(k) Long-Term Loans and Advances</b>		
A.V. Cell, Inc.	<b>36.07</b>	34.45
Aditya Birla Science & Technology Company Limited	<b>1.39</b>	11.82
Relatives of Key Management Personnel	<b>2.48</b>	0.98
<b>Total</b>	<b>39.94</b>	47.25

	₹ in Crore	
	Current Year	Previous Year
<b>(II) Short-Term Loans and Advances</b>		
A.V. Nackawic, Inc.	-	1.93
Birla Lao Pulp & Plantation Company Limited	-	0.16
Madanpur (North) Coal Company (Private) Limited	-	0.02
Bhaskarpara Coal Company Limited	0.86	1.38
Aditya Birla Science & Technology Company Limited	44.73	34.29
Key Management Personnel	-	1.90
Relatives of Key Management Personnel	-	1.00
<b>Total</b>	<b>45.59</b>	<b>40.68</b>
<b>(m) Guarantees and Collaterals</b>		
A.V. Nackawic, Inc.	-	127.61
Others	7.65	7.65
<b>Total</b>	<b>7.65</b>	<b>135.26</b>

Note: Transaction with Joint Ventures are reported at full Values.

#### 4.12 RETIREMENT BENEFITS

##### 4.12.1 Defined Benefit Plans as per Actuarial Valuation:

##### 4.12.1.1 Gratuity and Pension :

Gratuity: The employee's gratuity fund is managed by a Trust. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method as prescribed by Accounting Standard (AS) 15, Employee Benefits, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up obligation.

	₹ in Crore			
	Gratuity (Funded)		Pension	
	Current Year	Previous Year	Current Year	Previous Year
<b>(ii) Reconciliation of Present Value of the Obligation:</b>				
Opening Defined Benefit Obligation as on 1st April, 2012	361.81	314.07	28.4	31.13
<u>Adjustment of:</u>				
Current Service Cost	25.52	23.16	-	-
Interest Cost	31.23	26.66	1.38	1.46
Actuarial Loss/(Gain)	26.43	8.98	1.05	(0.23)
Benefits Paid	(25.21)	(11.06)	(4.19)	(4.12)
Obligation during the year	-	-	0.30	0.16
<b>Closing Defined Benefit Obligation as on 31st March, 2013</b>	<b>419.78</b>	<b>361.81</b>	<b>26.94</b>	<b>28.40</b>

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Grasim Industries Limited - Annual Report 2012-2013

₹ in Crore

	Gratuity (Funded)		Pension	
	Current Year	Previous Year	Current Year	Previous Year
<b>(ii) Reconciliation of Fair Value of the Plan Assets:</b>				
Opening Fair Value of Plan Assets	360.30	306.69	-	-
Adjustment of:				
Expected Return on Plan Assets	27.31	23.37	-	-
Actuarial Loss/(Gain)	9.27	2.97	-	-
Contributions by the Employer	47.48	38.33	4.19	4.12
Benefits Paid	(25.21)	(11.06)	(4.19)	(4.12)
<b>Closing Fair Value of the Plan Assets</b>	<b>419.15</b>	<b>360.30</b>	<b>-</b>	<b>-</b>
<b>(iii) Net Assets/(Liabilities) recognised in the Balance Sheet:</b>				
Present value of the funded Defined Benefit Obligation at the end of the period	419.78	361.81	26.94	28.40
Fair Value of Plan Assets	419.15	360.30	-	-
Amount not recognised as an Asset [limit in Para 59(b) of (AS) 15]	-	-	-	-
<b>Net Liabilities/(Assets) recognised in the Balance Sheet</b>	<b>0.63</b>	<b>1.51</b>	<b>26.94</b>	<b>28.40</b>
<b>(iv) Amount recognised in Salaries, Wages and Employee Benefits in the Statement of Profit and Loss as:</b>				
Current Service Cost	25.52	23.16	-	-
Interest on Defined Benefit Obligations	31.24	26.66	1.38	1.46
Expected Return on Plan Assets	(27.31)	(23.37)	-	-
Net Actuarial Loss/(Gain) recognised during the year	17.16	6.01	1.05	(0.23)
Obligation during the year	-	-	0.30	0.16
Effect of the Limit in Para 59(b) of (AS) 15	-	(0.20)	-	-
<b>Net Cost</b>	<b>46.61</b>	<b>32.26</b>	<b>2.73</b>	<b>1.39</b>
Less: Capitalised as Pre-operative Expenses in respect of Project	1.80	1.08	-	-
<b>Net Charge to the Statement of Profit and Loss</b>	<b>44.81</b>	<b>31.18</b>	<b>2.73</b>	<b>1.39</b>
<b>(v) Actual Return on Plan Assets:</b>				
Expected Return on Plan Assets	27.31	23.37	N.A.	N.A.
Actuarial Gain/(Loss) on Plan Assets	9.28	2.97	N.A.	N.A.
<b>Actual Return on Plan Assets</b>	<b>36.59</b>	<b>26.34</b>	<b>N.A.</b>	<b>N.A.</b>
<b>(vi) Investment Details of Plan Assets:</b>				
Government of India Securities	5%	7%	N.A.	N.A.
Corporate Bonds	5%	6%	N.A.	N.A.
Insurer Managed Funds	88%	85%	N.A.	N.A.
Others	2%	2%	N.A.	N.A.
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>N.A.</b>	<b>N.A.</b>



₹ in Crore

	Gratuity (Funded)		Pension	
	Current Year	Previous Year	Current Year	Previous Year
<b>(vii) Principal Actuarial Assumptions at the Balance Sheet Date:</b>				
Discount Rate	8.00% to 8.15%	8.45% to 8.51%	8.00% to 8.15%	8.00% - 8.45% - 8.51%
Estimated Rate of Return on Plan Assets	7.50% to 8.00%	7.50% to 8.00%	-	-
Salary Escalation Rate	8.00%	8.00%	-	-
Mortality	Indian Assured (2006-08) mortality tables	Published rates under LIC (1994-96) mortality tables	PA (90) annuity rates down by 4 years	PA (90) annuity rates down by 4 years

**Notes:** There are no amounts included in the Fair Value of Plan Assets for:

- The fair value of the plan assets includes 8.8% Non-Convertible Debentures of a subsidiary company of the face value of ₹ 1.20 Crore purchased at ₹ 1.19 Crore.
- There are no amount included in the fair value of plan assets for:
  - Company's own financial instrument other than those mentioned in (a) above
  - Property occupied by or other assets used by the Company
- The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

#### 4.12.1.2 Experience Adjustments:

##### (a) Gratuity (Funded):

₹ in Crore

Particulars	2012-13	2011-12	2010-11	2009-10	2008-09
Defined Benefit Obligation	419.78	361.81	314.07	280.57	256.71
Fair Value of Plan Assets	419.15	360.30	306.70	265.47	224.64
Surplus/(Deficit)	(0.63)	(1.51)	(7.37)	(15.10)	(32.07)
Expected Adjustments on Plan Liabilities	10.34	16.18	9.94	10.12	30.64
Expected Adjustments on Plan Assets	9.27	2.98	2.65	4.26	5.79

##### (b) Pension Liabilities:

₹ in Crore

Particulars	2012-13	2011-12	2010-11	2009-10	2008-09
Defined Benefit Obligation	10.21	9.89	10.41	10.25	10.76
Fair Value of Plan Assets	-	-	-	-	-
Surplus/(Deficit)	10.21	9.89	10.41	10.25	10.76
Expected Adjustments on Plan Liabilities	0.36	0.11	0.35	0.16	-

**Note:** The obligation for compensated absence is recognised in the same manner as gratuity, amounting to charge of ₹ 35.14 Crore (Previous Year charge ₹ 27.43 Crore).

**4.12.1.3** The best estimate of the expected Contribution for the next year amounts to ₹ 17.65 Crore (Previous Year ₹ 17.65 Crore).

#### 4.12.2 Defined Contribution Plans:

Amount recognised as expense and included in the Note 3.7 "Contribution to Provident and Other Funds" ₹ 77.99 Crore (Previous Year ₹ 69.50 Crore).

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Grasim Industries Limited - Annual Report 2012-2013

### 4.13 DISCLOSURE OF DERIVATIVE INSTRUMENTS

#### 4.13.1 Derivative Instruments as on 31st March, 2013:

In Crore

Type of Instrument	Purpose	Currency	Current Year	Previous Year	Cross Currency
(a) Forward Contracts (For hedging of foreign currency exposures)	Exports (Receivables)	USD	0.10	1.90	INR
	Buyers Credit	USD	3.68	1.17	INR
	Others	USD	1.97	-	INR
		EURO	0.88	0.34	INR
	Imports (Payables)	EURO	0.22	0.80	USD
		USD	4.22	4.03	INR
	Overseas Direct Investment	CAD	0.25	-	USD
	PCFC	USD	1.50	-	INR
(b) Currency and Interest Rate Swaps (For hedging of foreign currency and interest rate exposures)	ECB	USD	40.28	25.78	INR
		JPY	2,127.93	2,456.16	INR
		SGD	1.77	-	INR
(c) Currency Option and Interest Swaps (For hedging of foreign currency and interest rate exposures)	Imports	USD	0.15	-	INR

#### 4.13.2 Derivatives for hedging South African Coal price risk (from floating price to fixed price), outstanding as on March 31, 2013, are as under:

Particulars	Quantity Hedged	Currency	Current Year	Previous Year
South African Coal Fixed Price Swaps	45000 Metric Tonne	USD	-	0.46

#### 4.13.3 Unhedged Foreign Currency Exposure as on 31st March, 2013

Foreign Currency	Amount in Foreign Currency (In Crore)		Equivalent ₹ in Crore	
	Current Year	Previous Year	Current Year	Previous Year
Exports (Receivables)	USD	5.95	4.12	323.16
	Euro	0.98	1.50	68.11
Imports (Payables)	USD	0.38	1.51	20.63
	Euro	0.02	0.07	1.39
	JPY	-	15.44	-
Bank Balance	USD	0.30	0.14	16.16
Borrowings	USD	4.34	-	235.58
Loans (Receivables)	CAD	0.68	0.71	36.30

**4.14 Information related to Subsidiaries including Subsidiaries of Subsidiaries:**

(In terms of Government of India, Ministry of Corporate Affairs, General Circular No. 2/2011, No: 5/12/2007-CLIII dated 8th February, 2011)

₹ in Crore

Sr. No.	Name of the Subsidiary Companies	Year	Currency Symbol	Share in Capital (Including Share Application Money)	Reserves and Surplus (Net of Debit Balance of Profit and Loss Account)	Total Assets (Non-Current Assets + Current Assets + Tax Assets) excluding Current and Non-Current Investments	Total Liabilities (Non-Current Liabilities + Current Liabilities + Deferred Tax Liabilities)	Details of Current and Non-Current Investments in subsidiary companies/ Treasury Bill	Turnover	Profit/ (Loss) before Taxation	Provision for Taxation	Profit/ (Loss) after Taxation	Proposed Dividend (Including Corporate Dividend tax)
1	Samruddhi Swastik Trading And Investments Limited	2012-13	₹	6.50	25.89	20.29	0.86	12.96		3.92	0.09	3.83	
2	Sun God Trading And Investments Limited	2011-12	₹	6.50	22.05	3.89	0.86	25.52		3.10	0.62	2.48	
3	Aditya Birla Power Ventures (w.e.f. 29th July, 2011)	2012-13	₹	0.05	₹ 2565	3.88	₹ 44141	0.38		₹ 9557	₹ 10576	₹ 9557	
4	Grasim Bhiwani Textiles Ltd. (GBTL)	2012-13	₹	0.05	(0.05)	0.01	-	-		-	-	-	
5	UltraTech Cement Limited (UTCL) - (Standalone)	2011-12	₹	20.05	59.77	258.26	178.44	-	398.62	16.95	7.83	9.12	
6	Dekshin Cement Limited (IDAK)	2012-13	₹	20.05	50.65	244.68	173.98	-	359.28	13.05	6.85	6.20	
7	Harish Cement Limited (HCL)	2011-12	₹	274.18	14,960.64	22,300.04	12,173.94	5,108.72	20,017.94	3,825.40	1,169.97	2,655.43	288.70
8	Gotan Limestone Kharij Udyog Pvt. Ltd. (w.e.f. 23rd July, 2012)	2012-13	₹	274.07	12,585.75	19,156.42	10,085.37	3,788.77	18,158.28	3,392.87	946.68	2,446.19	254.82
9	UltraTech Cement Lanka Pvt. Ltd.	2011-12	₹	0.05	(0.05)	0.44	₹ 27722	-	-	(0.05)	-	(0.05)	
10	UltraTech Cement Middle East Investment Ltd.	2012-13	₹	0.05	-	152.99	152.94	-	-	-	-	-	
11	Star Cement Co LLC, UAE	2011-12	₹	2.00	(2.35)	12.81	13.16	-	3.33	(2.14)	0.17	(2.30)	
12	Arabian Cement Industry LLC, Abu Dhabi	2012-13	₹	50.00	100.83	213.21	62.38	-	978.95	66.82	19.23	47.60	15.00
13	Star Cement Co LLC, Ras-Al-Khaimah, UAE	2011-12	₹	24.41	43.18	9.76	26.48	-	478.26	28.71	8.23	20.48	8.30
14	AI Nakhlia Crushers, LLC, Fujairah	2012-13	₹	19.89	68.24	173.70	59.30	-	108.86	12.00	12.00	20.84	20.00
15	Arabian Gulf Cement Co WLL, Bahrain	2011-12	₹	16.27	(2.10)	68.05	22.05	-	283.99	16.72	4.79	11.93	8.01
16	Emirates Cement Bangladesh Ltd., Bangladesh	2012-13	₹	240.44	(31.02)	0.14	664.15	59.10	-	(11.81)	-	(0.80)	-
17	Emirates Power Company Ltd., Bangladesh	2011-12	₹	16.27	(1.30)	0.01	44.14	873.43	-	(11.81)	-	(11.81)	-
18	PT UltraTech Mining Indonesia (w.e.f. 12th April, 2011)	2012-13	₹	225.35	(18.04)	0.16	611.46	818.62	-	(10.79)	-	(10.79)	-
19	Star Cement Co LLC, UAE	2011-12	₹	5.09	(9.25)	44.80	48.95	-	37.24	(1.19)	-	(1.19)	-
20	Arabian Cement Industry LLC, Abu Dhabi	2012-13	₹	75.20	(136.64)	662.09	723.53	-	551.78	(17.65)	-	(17.65)	-
21	Star Cement Co LLC, Ras-Al-Khaimah, UAE	2011-12	₹	5.09	(8.05)	32.54	28.24	-	368.16	(3.59)	-	(3.59)	-
22	AI Nakhlia Crushers, LLC, Fujairah	2012-13	₹	70.48	(11.57)	450.82	491.90	-	18.95	(0.31)	-	(0.31)	-
23	Arabian Gulf Cement Co WLL, Bahrain	2011-12	₹	14.78	(29.83)	18.61	19.63	-	280.71	(4.63)	-	(4.63)	-
24	Star Cement Co LLC, Ras-Al-Khaimah, UAE	2012-13	₹	13.85	(23.62)	21.26	21.97	-	18.96	(1.30)	-	(1.30)	-
25	AI Nakhlia Crushers, LLC, Fujairah	2011-12	₹	14.36	(7.84)	101.96	79.76	-	40.63	(16.91)	-	(16.91)	-
26	Arabian Gulf Cement Co WLL, Bahrain	2012-13	₹	212.27	115.91	1,507.02	1,178.85	-	601.98	48.72	-	48.72	-
27	Emirates Cement Bangladesh Ltd., Bangladesh	2011-12	₹	198.95	20.07	95.56	865.03	-	538.75	37.81	-	37.81	-
28	AI Nakhlia Crushers, LLC, Fujairah	2012-13	₹	0.20	(3.35)	5.49	8.63	-	3.74	(0.26)	-	(0.26)	-
29	Arabian Gulf Cement Co WLL, Bahrain	2011-12	₹	0.20	(3.98)	81.11	127.61	-	55.37	(3.33)	-	(3.33)	-
30	Emirates Cement Bangladesh Ltd., Bangladesh	2012-13	₹	0.03	0.61	0.71	0.06	-	1.35	0.05	-	0.05	-
31	Star Cement Co LLC, Ras-Al-Khaimah, UAE	2011-12	₹	4.32	88.06	101.59	9.21	-	195.05	6.93	-	6.93	-
32	Emirates Power Company Ltd., Bangladesh	2012-13	₹	0.03	0.56	0.74	0.15	-	107	BHD(15562)	-	BHD(15562)	-
33	PT UltraTech Mining Indonesia (w.e.f. 12th April, 2011)	2011-12	₹	4.05	76.05	100.06	19.96	-	135.78	(0.20)	-	(0.20)	-
34	Star Cement Co LLC, Ras-Al-Khaimah, UAE	2012-13	₹	158.93	(102.67)	210.57	154.31	-	167.45	(12.71)	-	(12.71)	-
35	AI Nakhlia Crushers, LLC, Fujairah	2011-12	₹	110.58	(71.43)	146.51	107.36	-	114.39	(8.68)	-	(8.68)	-
36	Emirates Cement Bangladesh Ltd., Bangladesh	2012-13	₹	158.93	(88.85)	225.53	155.45	-	188.75	(16.36)	-	(16.36)	-
37	Star Cement Co LLC, Ras-Al-Khaimah, UAE	2011-12	₹	98.86	(65.27)	140.29	96.69	-	117.66	(3.01)	-	(3.01)	-
38	Emirates Power Company Ltd., Bangladesh	2012-13	₹	27.00	(21.15)	28.41	22.57	-	5.93	0.01	-	0.01	-
39	Star Cement Co LLC, Ras-Al-Khaimah, UAE	2011-12	₹	18.78	(14.71)	19.77	15.70	-	4.05	0.01	-	0.01	-
40	AI Nakhlia Crushers, LLC, Fujairah	2012-13	₹	27.00	(21.16)	29.66	23.82	-	13.39	0.07	-	0.07	-
41	Emirates Cement Bangladesh Ltd., Bangladesh	2011-12	₹	16.79	(13.16)	18.45	14.82	-	12.09	(0.38)	-	(0.38)	-
42	Star Cement Co LLC, Ras-Al-Khaimah, UAE	2012-13	₹	914.23	(22.14)	959.96	67.87	-	(9.05)	(0.05)	-	(0.05)	-
43	AI Nakhlia Crushers, LLC, Fujairah	2011-12	₹	5.10	(0.13)	5.35	0.38	-	(13.09)	(0.07)	-	(0.07)	-
44	Emirates Cement Bangladesh Ltd., Bangladesh	2012-13	₹	674.13	(13.09)	736.04	75.01	-	(13.09)	(0.07)	-	(0.07)	-
45	Star Cement Co LLC, Ras-Al-Khaimah, UAE	2011-12	₹	4.01	(0.08)	4.38	0.45	-	(0.07)	-	-	(0.07)	-

Note: - For Holding Subsidiary Relationship refer Note 4.2.  
 - UltraTech Cement SA (PTY) (Wholly owned Subsidiary), PT UltraTech Investments Indonesia (Subsidiary) and UltraTech Cement Mozambique Limitada (Subsidiary's Subsidiary) are yet to start operations and no equity infusion.  
 - For converting the figures given in foreign currency appearing in the accounts of the subsidiary companies into equivalent Indian Rupee (INR), following Exchange Rates are used for 1 INR.

Sl. No.	Currency	Balance Sheet (Closing Rate)	Statement of Profit and Loss (Average Rate)
		31st March, 2012	FY 2011-12
1	Sri Lankan Rupee (SLR)	2.3358	2.3804
2	UAE Dirham (AED)	0.0677	0.0675
3	Bangladesh Taka (Taka)	1.4373	1.6042
4	Bahrain Dirham (BHD)	0.0069	0.0079
5	Indonesian Rupiah (IDR)	179.3722	184.3318

**NOTES FORMING PART OF THE  
CONSOLIDATED FINANCIAL STATEMENTS***Grasim Industries Limited - Annual Report 2012-2013*

- 4.15** Previous year's figures have been regrouped and rearranged, wherever necessary, to conform to this year's classification.
- 4.16** Figures less than ₹ 50,000 have been shown at actual, wherever statutorily required to be disclosed, as the figures have been rounded off to the nearest lakh.

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Signatures to Notes '1' to '4'

For GRASIM INDUSTRIES LIMITED

K.K. Maheshwari  
Managing Director

B.V. Bhargava  
M.L. Apte  
Directors

Adesh Gupta  
Whole-time Director & CFO

Mumbai  
Dated: 4th May, 2013

Ashok Malu  
Company Secretary





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## GRASIM INDUSTRIES LIMITED

Registered Office: P.O. Birlagram, Nagda - 456 331, Dist. Ujjain (M.P.)

**NOTICE** is hereby given that the Sixty-sixth Annual General Meeting of the shareholders of Grasim Industries Limited will be held at the Registered Office of the Company at GRASIM STAFF CLUB, Birlagram, Nagda, District Ujjain, Madhya Pradesh 456 331 on Saturday, the 17th August, 2013, at 11.30 A.M. to transact, with or without modifications, as may be permissible, the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2013, and the Statement of Profit and Loss for the year ended 31st March, 2013, and the Reports of the Board of Directors and the Auditors of the Company.
2. To declare dividend on Equity Shares for the year ended 31st March, 2013.
3. To appoint a Director in place of Mr. Shailendra K. Jain, who retires from office by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. Thomas M. Connelly, who retires from office by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. M.L. Apte, who retires from office by rotation and, being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Mr. R.C. Bhargava, who retires from office by rotation and, being eligible, offers himself for re-appointment.
7. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution relating to the appointment of Statutory Auditors of the Company:

**"RESOLVED THAT** pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, Messrs G.P. Kapadia & Co., Chartered Accountants, Mumbai (Registration No. 104768W), and Messrs Deloitte Haskins & Sells, Chartered Accountants, Mumbai (Registration No. 117366W), the retiring Joint Statutory Auditors of the Company, be and are hereby re-appointed as the Joint Statutory Auditors of the Company to hold office as such from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, at a remuneration of ₹ 51,00,000/- (Rupees Fifty-one lac only) to be shared by them in such proportion as may be decided by the Audit Committee/Board of Directors of the Company, plus service tax as applicable and reimbursement of actual out-of-pocket expenses as may be incurred in the performance of their duties."

**"RESOLVED FURTHER THAT** the Audit Committee/Board of Directors of the Company be and are hereby authorised to decide and revise the aforesaid remuneration, in case required."

8. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution relating to the appointment of the Branch Auditors of the Company:

**"RESOLVED THAT** pursuant to the provisions of Section 228 and other applicable provisions, if any, of the Companies Act, 1956, Messrs Vidyarthi & Sons, Chartered Accountants, Lashkar, Gwalior (Registration No. 000112C), be and are hereby re-appointed as the Branch Auditors of the Company, to audit the Accounts in respect of the Company's Vikram Woollens



Division, at Malanpur (M.P.) to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, at a remuneration of ₹ 1,00,000/- (Rupees One lac only) plus service tax as applicable and reimbursement of actual out-of-pocket expenses as may be incurred in the performance of their duties."

**"RESOLVED FURTHER THAT** the Audit Committee/Board of Directors of the Company be and are hereby authorised to decide and revise the aforesaid remuneration, in case required."

#### **SPECIAL BUSINESS:**

9. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (the "Act"), the Memorandum and Articles of Association of the Company, the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended from time to time (the "SEBI ESOS Guidelines"), the Listing Agreement(s) entered into by the Company with the Stock Exchanges where the equity shares of the Company are listed, any rules, guidelines and regulations issued by the Reserve Bank of India and any other applicable laws for the time being in force and subject to such approvals, consents, permissions and sanctions, as may be required, and further subject to such terms and conditions as may be prescribed while granting such approvals, consents, permissions and sanctions and which may be agreed to and accepted by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee, including the ESOS Compensation Committee constituted by the Board to exercise its powers conferred by this Resolution) consent of the

Company be and is hereby accorded to introduce and implement the "Grasim Industries Limited Employee Stock Option Scheme – 2013" ("the ESOS Scheme 2013"), the salient features of which are furnished in the Explanatory Statement to the Notice and consent be and is hereby accorded to the Board to create, grant, offer, issue and allot at any time, in one or more tranches, to or for the benefit of such person(s), who are in the permanent employment of the Company, in the management cadre, whether working in India or outside India, including any managing or whole-time director(s) of the Company (hereinafter referred to collectively as "employees") as may be decided by the Board under the Scheme, such number of Stock Options (comprising of options and/or restricted stock units) exercisable into not more than 2,30,000 equity shares of ₹ 10/- each being 0.25% of the paid-up equity share capital of the Company, at such price, in one or more tranches and on such terms and conditions as may be fixed or determined by the Board in accordance with the SEBI ESOS Guidelines or other provisions of law as may be prevailing at that time."

**"RESOLVED FURTHER THAT** in case of any corporate action(s) such as rights issue, bonus issue, merger and sale of division or other reorganisation of capital structure of the Company, as applicable from time to time, if any additional equity shares are issued by the Company for the purpose of making a fair and reasonable adjustment to the Stock Options granted earlier, the above ceiling of 2,30,000 equity shares shall be deemed to be increased to the extent of such additional equity shares issued."

**"RESOLVED FURTHER THAT** in case the equity shares of the Company are either sub-divided or consolidated, then the number of equity shares to be issued and allotted on exercise of Stock Options granted under the ESOS Scheme 2013 and the exercise price of Stock Options granted under the ESOS

Scheme 2013 shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of ₹ 10 per equity share bears to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the employees who have been granted Stock Options under the ESOS Scheme 2013."

**"RESOLVED FURTHER THAT** without prejudice to the generality of the above but subject to the terms as may be approved by the Members of the Company, the Board be and is hereby authorised to formulate, evolve, decide upon and implement the ESOS Scheme 2013 and determine the detailed terms and conditions of the aforementioned ESOS Scheme 2013 and including but not limited to the quantum of the Stock Options to be granted per employee, the number of Stock Options to be granted in each tranche, the terms or combination of terms subject to which the said Stock Options are to be granted, the exercise period, the vesting period, the vesting conditions, instances where such Stock Options shall lapse and to grant such number of Stock Options, to such employees of the Company, at par or at such other price, at such time and on such terms and conditions as set out in the ESOS Scheme 2013 and as the Board may in its absolute discretion think fit."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to issue and allot equity shares upon exercise of Stock Options from time to time in the manner aforesaid and such equity shares shall rank *pari passu* in all respects with the then existing equity shares of the Company."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to take necessary steps for listing of the equity shares allotted under the ESOS Scheme 2013 on the Stock Exchanges where the securities of the Company are listed in accordance with the provisions of the listing agreement with the

concerned Stock Exchanges, SEBI Guidelines and other applicable laws, rules and regulations."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to make any modifications, changes, variations, alterations or revisions in the ESOS Scheme 2013, as it may deem fit, from time to time or to suspend, withdraw or revive the ESOS Scheme 2013 from time to time in conformity with the provisions of the Act, the SEBI ESOS Guidelines and other applicable laws unless such variation, amendment, modification or alteration is detrimental to the interest of the employees, who have been granted the Stock Options under the ESOS Scheme 2013."

**"RESOLVED FURTHER THAT** for the purpose of giving effect to the above Resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient or proper and to settle all questions, difficulties or doubts that may arise in relation to formulation and implementation of the ESOS Scheme 2013 at any stage including at the time of listing of the equity shares issued herein without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this Resolution."

10. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (the "Act"), the Memorandum and Articles of Association of the Company, the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended from time to time (the "SEBI ESOS Guidelines"), the Listing

Agreements entered into by the Company with the Stock Exchanges where the equity shares of the Company are listed, any rules, guidelines and regulations issued by the Reserve Bank of India and any other applicable laws for the time being in force and subject to such approvals, consents, permissions and sanctions, as may be required, and further subject to such terms and conditions as may be prescribed while granting such approvals, consents, permissions and sanctions and which may be agreed to and accepted by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee, including the ESOS Compensation Committee constituted by the Board to exercise its powers conferred by this Resolution) consent of the Company be and is hereby accorded to the Board, to extend the benefits and coverage of the "Grasim Industries Limited Employee Stock Option Scheme – 2013" ("the ESOS Scheme 2013"), referred to in the resolution under Item No. 9 of this Notice, also to such persons, who are in permanent employment of any present and/or future subsidiary companies of the Company, in the management cadre, whether working in India or outside India, including any managing or whole-time director(s) of the subsidiary companies of the Company under the ESOS

Scheme 2013 in the manner mentioned in the resolution under Item No. 9 of this Notice, as may be decided by the Board in accordance with the SEBI ESOS Guidelines or other provisions of law as may be prevailing at that time."

**"RESOLVED FURTHER THAT** for the purpose of giving effect to the above Resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient or proper and to settle any questions, difficulties or doubts that may arise in relation to formulation and implementation of the ESOS Scheme 2013 at any stage including at the time of listing of the equity shares issued herein without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this Resolution."

**By Order of the Board  
For Grasim Industries Limited**

*Ashok Malu*

Ashok Malu

Joint President & Company Secretary

Place: Mumbai

Date: 25th June, 2013

#### **NOTES FOR MEMBERS' ATTENTION:**

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF, AND THE PROXY NEED NOT BE A MEMBER.

THE INSTRUMENT APPOINTING A PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

- 2) An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of Item Nos. 9 and 10 of the Notice as set out above, is annexed hereto.

- 3) The Register of Members and Share Transfer Books of the Company will remain closed from 2nd August, 2013 to 17th August, 2013 (both days inclusive), for the purpose of payment of dividend, if approved by the Members.
- 4) a) Pursuant to Section 205A of the Companies Act, 1956, all dividends upto the Financial Year 1994-95, which remained unclaimed, have been transferred to the General Revenue Account of the Central Government. Shareholders, who have not encashed their dividend warrants for the said period, are requested to claim the amount from the Registrar of Companies – Madhya Pradesh, Sanjay Complex, 3rd Floor,



Jayendra Ganj, Gwalior – 474 009 (M.P.). In case any assistance is required, shareholders may please write to the Share Department of the Company at its Registered Office at Nagda.

- b) In terms of the provisions contained in Section 205C of the Companies Act, 1956, the Company has already deposited/ transferred the unpaid/unclaimed dividends for the Financial Years 1995-96 to 2004-2005 to the Investor Education and Protection Fund (IEPF). No claim shall lie against the IEPF or the Company in respect of the unpaid/unclaimed amount transferred to the IEPF.
  - c) Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividend for the Financial Year 2005-2006 and the dividends for the subsequent years, which remain unpaid or unclaimed for a period of 7 years, will be transferred to IEPF. Shareholders, who have so far not encashed the dividend warrant(s) for the Financial Year 2005-2006, are requested to make their claim to the Share Department at the Registered Office of the Company at Nagda by 31st August, 2013, failing which the unpaid/unclaimed amount will be transferred to the IEPF. It may also be noted that once the unpaid/ unclaimed dividend is transferred to the IEPF as above, no claim shall lie against IEPF or the Company in respect of such amount by the member.
- 5) a) Shareholders are advised to avail of the facility for receipt of future dividends through Electronic Clearing Service (ECS). The ECS facility is available at the specified locations. Shareholders holding shares in dematerialised mode are requested to contact their respective DPs for availing ECS facility. Shareholders holding shares in physical form are requested to download the ECS form from the website of the Company and the same duly filled up and signed along with a photo copy of a cancelled cheque may be sent to the Share Department of the Company at the Registered Office at Birlagram, Nagda – 456 331 (M.P.). The Company has

also recently sent a Circular to the Shareholders requesting to provide the ECS details so that going forward the dividend can be paid by it in electronic mode.

- b) To avoid the incidence of fraudulent encashment of the dividend warrants, Shareholders are requested to intimate the Company under the signature of the Sole/First Joint holder, the following information, so that the Bank Account Number, Name and Address of the Bank can be printed on the dividend warrants:
  - 1) Name of the Sole/First Joint holder and Folio No.
  - 2) Particulars of the Bank Account, viz.:
    - i) Name of the Bank
    - ii) Name of the Branch
    - iii) Complete address of the Bank with Pin Code Number
    - iv) Account Type, whether Saving (SB) or Current Account (CA)
    - v) Bank Account Number allotted by the Bank
- 6) Shareholders, who hold shares in the dematerialised form and desire a change/ correction in the bank account details, should intimate the same to their concerned DP and not to the Share Department of the Company. Shareholders are also requested to give the MICR Code of their banks to their DPs. The Company will not entertain any direct request from such shareholders for change of address, transposition of names, deletion of name of deceased joint holder and change in the bank account details. The said details will be considered as will be furnished by the DPs to the Company.
- 7) **Shareholders are requested to read the "Shareholder' Information" Section of the Annual Report for useful information.**
- 8) **Shareholders, desirous of obtaining any information/clarification on the accounts and operations of the Company, are requested to send in written queries to the**

**Company, at least one week before the date of the meeting. Replies will be provided in respect of such written queries received, only at the meeting.**

- 9) Pursuant to the requirement of the Listing Agreement of the Stock Exchanges on Corporate Governance, relating to re-appointment of the retiring Directors, a statement containing the required details of the concerned Directors forms part of this notice.

**10) Green Initiative in Corporate Governance – Service of Documents in Electronic Form**

As you are aware, Ministry of Corporate Affairs, Government of India (MCA), vide its Circular Nos. 17 and 18 dated 21st April, 2011 and 29th April, 2011, respectively, has now allowed the companies to send Notices of General Meetings/other Notices, Audited Financial Statements, Directors' Report, Auditors' Report, etc., henceforth to their shareholders electronically as a part of its Green Initiatives in corporate governance.

Keeping in view the aforesaid initiative of MCA, your Company shall send the Annual Report to its shareholders in electronic form, to this e-mail address.

**ADVANTAGES OF REGISTERING WITH THE COMPANY FOR E-COMMUNICATION:**

- will enable you to receive communication

promptly and avoid loss of documents in postal transit; and

- will help in eliminating wastage of paper, reduce paper consumption and, in turn, save trees.

Please note that the said documents will be made available by the Company on its website **[www.grasim.com](http://www.grasim.com)**. The physical copies of the same shall also be made available for inspection, during office hours, at our Registered Office of the Company at Birlagram, Nagda – 456 331 (M.P.). Further, upon receipt of a request from you, your Company shall also furnish you the physical copy of the same free of cost.

However, in case you wish to receive the above documents in physical form, please send us an e-mail at [grasimshares@adityabirla.com](mailto:grasimshares@adityabirla.com)

We are confident that you would appreciate the "Green Initiative" taken by the Government. We sincerely solicit your cooperation in helping your Company to implement the "Green Initiative" and would request you to please register your e-mail ID with the Company/your Depository so as to, henceforth, receive all documents from the Company in electronic mode. You can also log on to our website [www.grasim.com](http://www.grasim.com) and register your request for receiving above documents in electronic / physical mode.

## **ANNEXURE TO NOTICE**

### **EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**

**Item Nos. 9 and 10:**

#### **For approval of Grasim Industries Limited Employee Stock Option Scheme 2013**

Stock Options in the hands of employees have long been recognised as an effective instrument to align the interests of the employees with that of the Company, providing an opportunity to the employees to share in the growth of the Company. Accordingly, the Company intends to reward, attract, motivate and retain the employees and directors of the Company and its subsidiary companies for their high levels of individual

performance, their efforts to improve the financial performance of the Company and their loyalty to the Company, by offering them equity shares by way of an Employee Stock Options Scheme. The eligible employees shall be granted Employee Stock Options in the form of Options ("Options") and/or Restricted Stock Units ("RSUs"). Options and RSUs are collectively referred to as "Stock Options", which will be exercisable into equity shares upon such terms and conditions applicable to the Options and Restricted Stock Units, as the case may be.

The Board of Directors ("the Board") of the Company at its meeting held on 4th May, 2013, resolved to introduce the "Grasim Industries Limited Employee Stock Option Scheme – 2013" ("the ESOS Scheme 2013") subject to the approval of the Members and the provision of the Securities

and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended from time to time (the "SEBI ESOS Guidelines") and authorised the ESOS Compensation Committee to formulate the detailed terms and conditions of the ESOS Scheme 2013 and once formulated to administer and implement the ESOS Scheme 2013 in accordance with the SEBI ESOS Guidelines.

The Members are informed that the Company intends to offer not more than 2,30,000 equity shares of ₹ 10 each under the ESOS Scheme 2013 by way of grant of Stock Options.

Your approval is being sought for issue of Stock Options to eligible employees of the Company, including its managing or whole-time director(s) and that of its subsidiary companies by the introduction of the ESOS Scheme 2013.

The ESOS Scheme 2013 is being formulated in accordance with the SEBI ESOS Guidelines. The salient features of the ESOS Scheme 2013 are as under:

**1. Total number of Stock Options to be granted:**

The total number of Stock Options (comprising of Options and RSUs) that may in the aggregate be granted shall be such number that will entitle the grantees to acquire, in one or more tranches, such equity shares of the Company not exceeding 2,30,000 equity shares of ₹ 10 each. The aggregate number of RSUs proposed to be granted under the Scheme shall not be exercisable into more than 50% of the overall ceiling of equity shares to be issued under the ESOS Scheme 2013 (which number shall be adjusted in lieu of adjustments/re-organisation of capital structure of the Company from time to time).

One Stock Option entitles the grantees to one equity share (i.e. one Option will entitle the grantee to one equity share and one RSU will entitle the grantee to one equity share).

In case of any corporate action(s) such as rights issue, bonus issue, merger and sale of division, split or consolidation among others, a fair and reasonable adjustment needs to be made to the Stock Options granted. Accordingly, if any

additional equity shares are issued by the Company to the grantees for making such fair and reasonable adjustment, the ceiling of 2,30,000 equity shares shall be deemed to be increased to the extent of such additional equity shares issued.

Stock Options not vested due to non-fulfilment of the vesting conditions, vested Stock Options which the grantees expressly refuse to exercise, Stock Options (vested and not exercised and unvested) which have been surrendered and any Stock Options granted but not vested or exercised within the stipulated time due to any reasons, shall lapse and these Stock Options or the underlying equity shares will be available for grant under the present Scheme or under a new scheme, subject to compliance with the provisions of the Applicable Law.

**2. Identification of classes of employees entitled to participate in the Scheme:**

Persons who are permanent employees of the Company in the management cadre, working in or out of India, including managing or whole-time director(s) of the Company, and that of the subsidiary companies, as may be decided by the Board and/or the ESOS Compensation Committee, shall be eligible to be granted Stock Options under the ESOS Scheme 2013.

The following category of employees/directors shall not be eligible to participate in the Scheme:

- a. a promoter or belonging to the promoter group;
- b. an independent director and non-executive director(s);
- c. a director who either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10% of the outstanding equity shares of the Company.

**3. Requirements of vesting and period of vesting:**

The Board and/or the ESOS Compensation Committee may, at its discretion, lay down certain criteria including but not limited to

performance metrics on the achievement of which the granted Stock Options would vest. The detailed terms and conditions relating to such criteria for vesting, the period over which and the proportion in which the Stock Options granted would vest would be subject to the minimum and maximum vesting period as specified below.

- **Vesting Schedule for Options:**

The Options would vest not earlier than one year and not later than five years from the date of grant of the Options or such other period as may be determined by the Board and/or the ESOS Compensation Committee. The vesting schedule (i.e. exact proportion in which and the exact period over which the Options would vest) would be determined by the Board and/or the ESOS Compensation Committee, subject to the minimum vesting period of one year from the date of grant of the Options. The Options granted under the Scheme shall vest in one or more tranches.

- **Vesting Schedule for RSUs:**

The RSUs would vest not earlier than one year and not later than three years from the date of grant of RSUs or such other period as may be determined by the Board and/or the ESOS Compensation Committee. The vesting schedule (i.e. exact proportion in which and the exact period over which the RSUs would vest) would be determined by the Board and/or the ESOS Compensation Committee, subject to the minimum vesting period of one year from the date of grant of RSUs. The RSUs granted under the Scheme shall vest in one or more tranches.

#### **4. Exercise price or pricing formula:**

##### **Exercise price for Options:**

The Stock Options may be issued at such price that the Board and/or the ESOS Compensation Committee may determine on the date of the grant of Stock Options under the ESOS Scheme 2013 and specified in the relevant grant documents provided that the

Exercise Price per Option shall not be less than the face value of the equity share of the Company.

##### **Exercise price for RSUs:**

The RSUs may be issued at face value or as may be determined by the Board and/or the ESOS Compensation Committee.

#### **5. Exercise period or process of exercise:**

The exercise period would commence from the date of vesting and will expire on completion of five years from the date of vesting of Stock Options or such other period as may be determined by the Board and/or the ESOS Compensation Committee.

The Stock Options will be exercisable by the employees by a written application to the Company accompanied by payment of the Exercise Price in such manner and on execution of such documents, as may be prescribed by the Board and/or the ESOS Compensation Committee from time to time. The Stock Options will lapse if not exercised within the specified exercise period.

#### **6. The appraisal process for determining the eligibility of employees:**

The appraisal process for determining the eligibility of the employees will be specified by the Board and/or the ESOS Compensation Committee, and will be based on criteria, such as role/criticality of the employee, length of service with the Company, work performance, technical knowledge, managerial level, future potential and such other criteria that may be determined by the Board and/or the ESOS Compensation Committee at its sole discretion.

The Board and/or the ESOS Compensation Committee may decide to extend the benefits of the ESOS Scheme 2013 to new entrants or to existing employees on such basis as it may deem fit.

#### **7. Disclosure and accounting policies:**

The Company shall comply with such applicable disclosure and accounting policies as prescribed by the SEBI (Employee Stock Option Scheme and Employee Stock

Purchase Scheme) Guidelines, 1999, and prescribed by the concerned authorities from time to time.

**8. Maximum number of Stock Options to be issued per employee and in aggregate:**

The maximum number of Stock Options to be granted to any employee shall be decided by the Board and/or the ESOS Compensation Committee. However, the number of Stock Options that may be granted to a single employee under the ESOS Scheme 2013 shall not exceed 0.15% of the paid-up equity share capital at the time of grant of Stock Options (which shall be adjusted in lieu of adjustments/re-organisation of capital structure of the Company from time to time).

The aggregate of all such Stock Options shall not result into more than 2,30,000 equity shares of the Company which shall be adjusted in lieu of adjustments/re-organisation of capital structure of the Company from time to time.

**9. Method of Stock Option valuation:**

To calculate the employee compensation cost, the Company shall use the Intrinsic Value method for valuation of the Stock Options. The difference between the employee compensation cost so computed and the cost that shall have been recognised if it had used the Fair Value of the Stock Options, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on Earnings Per Share of the Company shall also be disclosed in the Directors' Report.

**10. Transferability of Stock Options:**

The Options and RSUs granted to an employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner. However, in the event of the death of a Stock Option holder while in employment, the right to exercise all the Stock Options granted to him till such date shall be transferred to his legal heirs or nominees.

**11. Other Terms:**

The Board and/or the ESOS Compensation Committee shall have the absolute authority

to vary or modify the terms of the ESOS Scheme 2013 in accordance with the regulations and guidelines prescribed by Securities and Exchange Board of India or regulations that may be issued by any appropriate authority, from time to time, unless such variation, modification or alteration is detrimental to the interest of the employees, who have been granted the Stock Options under the ESOS Scheme 2013.

As the ESOS Scheme 2013 would entail issue of further shares to persons other than the existing shareholders, consent of Members is being sought, in terms of Section 81(1A) of the Companies Act, 1956. Additionally, in accordance with SEBI ESOS Guidelines, a separate resolution is required to be passed, if benefits of the Scheme as stated in Resolution No. 9 of this Notice are being extended to the employees of the subsidiary companies. Therefore, a separate resolution as stated in Resolution No. 10 is proposed to extend the benefits of the ESOS Scheme 2013 to the permanent employees (in the management cadre) including managing or whole-time directors of the subsidiary companies of the Company.

The resolutions as set out in Item Nos. 9 and 10 of this Notice are accordingly commended for your acceptance.

None of the Directors of the Company are, in any way, concerned or interested in the resolution, except to the extent of the Stock Options that may be offered to them under the ESOS Scheme 2013. The Stock Options to be granted under the ESOS Scheme 2013 shall not be treated as an offer or invitation made to the public for subscription in the securities of the Company.

**By Order of the Board  
For Grasim Industries Limited**

*Ashok Malu*

Ashok Malu

Joint President & Company Secretary

Place: Mumbai

Date: 25th June, 2013

**Registered Office:**

Birlagram, Nagda – 456 331 (M.P.)



### Details of the Directors seeking re-appointment in the ensuing Annual General Meeting

Name of Director	Mr. Shailendra K. Jain	Dr. Thomas M. Connelly	Mr. M.L. Apte	Mr. R.C. Bhargava
Date of Birth	04.12.1943	24.06.1952	05.10.1932	30.07.1934
Date of Appointment/Re-appointment	01.04.2010	20.08.2010	06.05.1987	25.07.2000
Expertise in specific functional areas	Management	Company Executive	Industrialist	Management Consultant
Qualification	B.Sc, B.E. (Hons.) SM (MIT)	Degree in Chemical Engg. and Economics Doctorate in Chemical Engg.	B.A.	M.Sc. (Maths) M.A. (Dev. Economics)
No. of Equity Shares held (31.03.2013)	17,385	100	130	227
List of outside Company Directorships held in Indian Public Limited Company	1 Grasim Bhiwani Textiles Ltd. 2 Samruddhi Swastik Trading And Investments Ltd. 3 Sun God Trading And Investments Ltd. 4 Vippy Spinpro Ltd.	—	1 Apte Amalgamations Ltd. 2 Bajaj Hindustan Ltd. 3 Kulkarni Power Tools Ltd. 4 Standard Industries Ltd. 5 The Bombay Burmah Trading Corp. Ltd. 6 The Raja Bahadur International Ltd. 7 Zodiac Clothing Co. Ltd.	1 Dabur India Ltd. 2 Idea Cellular Ltd. 3 ILFS Limited 4 Kokoyu Camlin Limited 5 Maruti Suzuki India Ltd. 6 Polaris Financial Technology Limited 7 Thomson Press Limited 8 UltraTech Cement Ltd.
Chairman/Member of the Committees of the Board of Directors of the Company	—	—	1 Audit Committee - Member 2 ESOS Compensation Committee - Member	1 Audit Committee - Member
Chairman/Member of the Committees of Directors of other Companies in which he is a Director a) Audit Committee	1 Grasim Bhiwani Textiles Limited - Member 2 Samruddhi Swastik Trading and Investments Ltd. - Member	—	1 Standard Industries Ltd. - Member 2 The Bombay Burmah Trading Corp. Ltd. - Member 3 Zodiac Clothing Co. Ltd. - Member	1 Dabur India Ltd - Member 2 ILFS Limited - Chairman 3 Kokoyu Camlin Limited - Chairman 4 Polaris Financial Technology Limited - Member 5 Thomson Press Limited - Chairman 6 UltraTech Cement Ltd. - Chairman
b) Shareholders/Investors Grievance Committee/Share Transfer Committee	—	—	1 The Bombay Burmah Trading Corp. Ltd. - Member 2 Zodiac Clothing Co. Ltd. - Member	1 Maruti Suzuki India Ltd. - Chairman 2 UltraTech Cement Ltd. - Member





## GRASIM INDUSTRIES LIMITED

Registered Office: Birlagram, Nagda-456331 (M.P.)

### Form of Proxy

Proxy No.:

(For Office use only)

I/We \_\_\_\_\_ of \_\_\_\_\_ being a member/members of Grasim Industries Limited hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to vote for me/us on my/our behalf at the 66th Annual General Meeting of the Company to be held at the Registered Office of the Company on Saturday, 17th August, 2013 at 11.30 a.m. or at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013

Folio/DP ID - Client ID No.	
No. of Shares held	

(Please sign across the stamp)

Affix  
Re. 1  
Revenue  
Stamp

(Signature)

#### NOTES:

1. The proxy need NOT be a member of the Company.
2. This form of Proxy, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before the time fixed for commencement of the Meeting.

## FORM A

Format of covering letter of the annual audit report to be filed with the Stock Exchange  
Pursuant to clause 31(a) of the listing agreement

1.	Name of the company	Grasim Industries Limited
2.	Annual financial statements for the year Ended	31 <sup>st</sup> March, 2013
3.	Type of Audit observation	None
4.	Frequency of observation	Not Applicable

Refer our Audit Report dated 4<sup>th</sup> May 2013 on the standalone financial statements of the Company

For Grasim Industries Limited

For Deloitte Haskins & Sells  
Chartered Accountants  
(Registration No. 117366W)

For G. P. Kapadia & Co.  
Chartered Accountants  
(Registration No. 104768W)

*K.K. Maheshwari*  
K.K. Maheshwari  
Managing Director

*B.P. Shroff*

*Atul B. Desai*

*Adesh Gupta*  
Adesh Gupta

B. P. Shroff  
Partner

Atul B. Desai  
Partner

Whole -Time Director  
& CFO

Membership No. 34382

Membership No. 30850

*B.V. Bhargava*

Mumbai, Date: 4<sup>th</sup> May, 2013

B.V. Bhargava  
Chairman – Audit Committee



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FOR GRASIM INDUSTRIES LIMITED

*Ashok Malu*  
ASHOK MALU  
COMPANY SECRETARY

## FORM A

Format of covering letter of the annual audit report to be filed with the Stock Exchange  
Pursuant to clause 31(a) of the listing agreement

1.	Name of the company	Grasim Industries Limited
2.	Annual financial statements for the year Ended	31 <sup>st</sup> March, 2013
3.	Type of Audit observation	<p>Un-qualified / Matter of Emphasis</p> <p><b>Emphasis of Matter</b></p> <p>We draw attention to Note No.4.7.4 to the consolidated financial statements which describe the uncertainty related to the penalty of ₹ 1,175.49 crore imposed by the Competition Commission of India on UltraTech Cement Limited (UTCL), a subsidiary of the Company, along with certain cement manufacturing companies for alleged cartelization, for which no provision has been made based on a legal opinion obtained by UTCL. Our opinion is not qualified in respect of this matter.</p> <p><b>Note 4.7.4</b></p> <p>No provision has been made in the accounts for any liability that may arise from the Order of the Competition Commission of India dated 20<sup>th</sup> June, 2012, imposing a penalty of ₹ 1,175.49 crore on UltraTech Cement Limited (UltraTech) along with certain other cement manufacturing companies for alleged cartelization, based on legal opinion that UltraTech has a good case in the matter and for which an appeal is pending before the Competition Appellate Tribunal (COMPAT). The COMPAT has directed that no coercive action be taken in the matter against UltraTech.</p>
4.	Frequency of observation	Appeared first time

Refer our Audit Report dated 4<sup>th</sup> May, 2013 on the Consolidated Financial Statements of the Company

For Deloitte Haskins & Sells  
Chartered Accountants  
(Registration No. 117366W)

*B. P. Shroff*

B. P. Shroff  
Partner

Membership No. 34382

For G. P. Kapadia & Co.  
Chartered Accountants  
(Registration No. 104768W)

*Atul B. Desai*

Atul B. Desai  
Partner

Membership No. 30850

For Grasim Industries Limited

*K.K. Maheshwari*

K.K. Maheshwari  
Managing Director

*Adesh Gupta*

Adesh Gupta  
Whole-Time Director & CFO

*B.V. Bhargava*

B.V. Bhargava  
Chairman - Audit Committee

Mumbai, Date: 4<sup>th</sup> May, 2013



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*Ashok Malu*  
ASHOK MALU  
COMPANY SECRETARY

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